Annual report 2006

ALK ABELLÓ

Contents

Financial highlights and key ratios of the ALK-Abelló Group

Amounts in DKK/EURm	**DKK 2006 (4M)**	DKK 2005/06	**EUR* 2006 (4M)**	EUR* 2005/06
Income statement				
Revenue	**563**	1,489	**75**	200
Operating profit before depreciation (EBITD)	**2**	126	**-**	17
Exceptional items	**(40)**	-	**(5)**	-
Operating profit/(loss) (EBIT)	**(28)**	53	**(4)**	7
Net financial items	**10**	40	**1**	5
Profit/(loss) before tax (EBT)	**(18)**	93	**(2)**	12
Net profit/(loss)	**(20)**	44	**(3)**	6
Average number of employees	**1,314**	1,227	**1,314**	1,227
Balance sheet				
Total assets	**2,731**	2,789	**366**	374
Invested capital	**1,000**	890	**134**	119
Equity	**2,024**	2,094	**271**	281
Cash flow and investments				
Depreciation, amortization and impairment	**25**	73	**3**	10
Cash flow from operating activities	**(39)**	60	**(5)**	8
Cash flow from investing activities	**(41)**	(370)	**(5)**	(50)
– of which investment in tangible assets	**(40)**	(97)	**(5)**	(13)
Free cash flow	**(80)**	(310)	**(11)**	(42)
Information on shares				
Dividend	**20**	51	**3**	7
Share capital	**101**	101	**14**	14
Shares in thousands of DKK 10 each	**10,128**	10,128	**10,128**	10,128
Share price, end of year – DKK/EUR	**1,410**	765	**189**	103
Net asset value per share – DKK/EUR	**200**	207	**27**	28
Key ratios				
EBIT margin – %	**(5.0)**	3.6	**(5.0)**	3.6
ROAIC – %	**(3.0)**	7.1	**(3.0)**	7.1
Pay-out ratio – %	**(100)**	116	**(100)**	116
Earnings per share (EPS) – DKK/EUR	**(2.0)**	2.4	**(0.3)**	0.3
Diluted earnings per share (DEPS) – DKK/EUR	**(2.0)**	2.4	**(0.3)**	0.3
Cash flow per share (CFPS) – DKK/EUR	**(3.9)**	5.9	**(0.5)**	0.8
Price earnings ratio (PE)	**(705)**	319	**(95)**	43
Share price/Net asset value	**7.0**	3.7	**0.9**	0.5
Revenue growth – %				
Organic growth	**6**	9	**6**	9
Acquisitions	**-**	13	**-**	13
Total growth	**6**	22	**6**	22

*) Financial highlights and key ratios stated in EUR constitute supplementary information to the annual report. The exchange rate used in translating from DKK to EUR is the exchange rate ruling at December 31, 2006 (EUR 100 = DKK 746.00).

Definitions: see back cover

Financial highlights and key ratios of the ALK-Abelló Group

Amounts in DKKm	**2006 (4M)**	2005/06	2004/05	2003/04*	2002/03*
Income statement					
Revenue	**563**	1,489	1,217	4,474	4,336
Operating profit before depreciation (EBITD)	**2**	126	59	630	566
Exceptional items	**(40)**	-	(46)	-	-
Operating profit/(loss) (EBIT)	**(28)**	53	2	320	269
Net financial items	**10**	40	(68)	(118)	(130)
Profit/(loss) before tax (EBT)	**(18)**	93	(66)	202	139
Net profit/(loss)	**(20)**	44	4,348	76	9
Average number of employees	**1,314**	1,227	1,027	3,644	3,561
Balance sheet					
Total assets	**2,731**	2,789	6,915	5,251	5,236
Invested capital	**1,000**	890	594	4,138	4,170
Equity	**2,024**	2,094	6,208	1,902	1,911
Cash flow and investments					
Depreciation, amortization and impairment	**25**	73	57	310	297
Cash flow from operating activities	**(39)**	60	175	335	272
Cash flow from investing activities	**(41)**	(370)	30	(349)	(282)
Free cash flow	**(80)**	(310)	205	(14)	(10)
Information on shares					
Dividend	**20**	51	4,050	20	20
Share capital	**101**	101	101	101	101
Shares in thousands of DKK 10 each	**10,128**	10,128	10,128	10,128	10,128
Share price – DKK	**1,410**	765	951	408	295
Net asset value per share – DKK	**200**	207	613	188	189
Key ratios					
EBIT margin – %	**(5.0)**	3.6	0.2	7.2	6.2
ROAIC – %	**(3.0)**	7.1	0.1	7.7	6.3
Pay-out ratio – %	**(100)**	116	93	27	213
Earnings per share (EPS) – DKK	**(2.0)**	2.4	425.4	7.5	4.8
Cash flow per share (CFPS) – DKK	**(3.9)**	5.9	17.3	30.0	23.8
Price earnings ratio (PE)	**(705)**	319	(90)	54	60
Share price/Net asset value	**7.0**	3.7	1.6	2.2	1.6

*) The comparative figures for 2003/04 and 2002/03 have not been restated for the change in accounting policies on transition to IFRS, but have been calculated in accordance with the previous accounting policies on the basis of the provisions of the Danish Financial Statements Act and Danish Accounting Standards as well as the Copenhagen Stock Exchange's financial reporting requirements for listed companies.

Comparative figures for 2003/04 and 2002/03 include the divested ingredients business, Chr. Hansen A/S.

Definitions: see back cover

To our shareholders

Dear shareholder

Although this annual report only covers a period of four months, this is one of the most exciting periods in the history of ALK-Abelló. In spite of the short reporting period, we achieved many results of great significance to our objective of improving the quality of life for allergy patients.

Our new alliance with Schering-Plough has taken us a major step forward towards offering tablet-based allergy vaccines to the many millions of allergy patients in North America. We consider Schering-Plough an ideal partner, not least because their strong sales force puts them in close contact with general practitioners in the USA and due to their long-standing experience with products for the treatment of allergic disorders.

In Europe, we signed an agreement with the Menarini Group. Menarini has an extensive sales force in the markets in which ALK-Abelló has no representation or only a limited presence. This ensures that we can offer tablet-based allergy vaccination to even more patients in Europe as well, giving them the opportunity to receive treatment of the very cause of their allergy.

In the autumn, additional studies of GRAZAX® were initiated in order to obtain regulatory approval of the tablet as a treatment for children and young people. Clinical experience has shown that the sooner allergy vaccination is initiated, the better the chances of preventing the development of new allergies or allergic asthma.

We also obtained favourable results from the second year of the current long-term study of GRAZAX® supporting our expectations that GRAZAX® produces a lasting beneficial effect after completion of treatment. This helps to distinguish GRAZAX® from the traditional, symptomatic allergy medication which only limits symptoms, whereas GRAZAX® holds the potential to cure the patient's allergic disorder.

ALK-Abelló therefore stands well prepared to offer even more allergy patients allergy vaccination and thereby a better quality of life, while we continue the clinical development of the tablet-based vaccines to cover even more allergic disorders.

Yours sincerely

Jørgen Worning
Chairman

Jens Bager
President and CEO

Highlights

Highlights of the period September 1 to December 31, 2006

The comparative figures for 2005 are unaudited.

- Revenue rose to DKK 563 million (533), which was in line with the revenue forecast of approximately DKK 560 million. The organic growth rate was 6%.
- Research and development costs and sales and marketing costs were DKK 120 million (82) and DKK 204 million (149), respectively, and were especially affected by a high level of activity relating to the tablet-based vaccines and the launch of GRAZAX®.
- An operating loss (EBIT) of DKK 28 million (a profit of 80) was recorded, compared to the latest forecast of an operating loss of approximately DKK 30 million, of which costs related to the closure of the *In Vitro Diagnostics* business unit amounted to DKK 40 million.
- A loss before tax (EBT) of DKK 18 million (a profit of 103) was recorded, which was on a level with the forecast of a loss before tax of DKK 20 million.
- GRAZAX® has been launched in Germany, the UK, Norway and Denmark.
- ALK-Abelló and the Menarini Group have signed an agreement for co-promotion, distribution and licensing of GRAZAX® and two coming tablet products.
- The main results from the long-term study of GRAZAX® (GT-08) showed improved effect in the second treatment season.

Material events after the balance sheet date

- In early January 2007, ALK-Abelló and Schering-Plough signed an agreement on a strategic alliance to develop and commercialize ALK-Abelló's tablet-based allergy vaccines against grass pollen allergy (GRAZAX®), house dust mite allergy and ragweed allergy for the North American market.

Outlook for the financial year 2007

For the financial year 2007, ALK-Abelló forecasts revenue, including revenue from sales of GRAZAX®, of DKK 1,650-1,700 million (1,519) with underlying organic growth of 12-15% compared to the calendar year 2006.

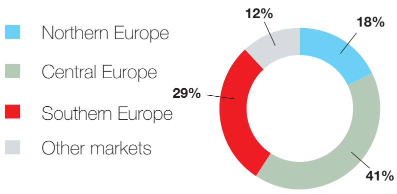
It is expected that GRAZAX® will be launched in Northern, Central and Southern Europe. The sales forecast for GRAZAX® is subject to substantial uncertainty, depending among other things on price and reimbursement negotiations with the European authorities and thus whether the launch progresses as expected. It is expected that the organic growth in the remaining business will be moderate.

The research and development costs are expected to be at the same level as in 2006 and primarily concern the further development of the tablet-based allergy vaccines. Sales and marketing costs will be affected by considerable costs of launching GRAZAX® in Europe.

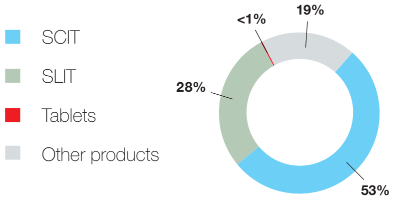
Operating profit (EBIT) is forecast at approximately DKK 200-220 million and includes revenue from Schering-Plough of approximately DKK 200 million. Profit before tax (EBT) is forecast at approximately DKK 230-250 million.

The outlook for 2007 does not include potential adjustments, neither of the provisions, nor of the consideration regarding the divestment of the ingredients business Chr. Hansen in 2004/05.

Revenue by market



Revenue by product line



SCIT: injection-based allergy vaccines
SLIT: drop-based allergy vaccines

Management's review

Operating review

Approval and launch of GRAZAX®

On September 25, 2006, ALK-Abelló's tablet-based vaccine against grass pollen allergy, GRAZAX®, was approved in 27 European countries based on the mutual recognition procedure. GRAZAX® was subsequently launched in Germany in November 2006 and in Denmark, Norway and the UK in January 2007 after the end of the financial year.

Current clinical studies with ALK-Abelló's tablet-based products

Product	Study	Objective
GRAZAX®	GT-08	Study continued in order to document long-term efficacy
	GT-09, GT-11	Safety study in treatment of children
	GT-12	Efficacy study in treatment of children
	GT-14	Efficacy study in adult, allergic patients in the USA
Tablet against house dust mite allergy	MT-01	Tolerability study in adult, allergic patients
	MT-02	Dosage/efficacy study in adult, allergic patients
Tablet against ragweed allergy	RT-01	Tolerability study in adult, allergic patients

The clinical development program for GRAZAX® will continue

During the reporting period, ALK-Abelló initiated a Phase III study in Germany (GT-12) designed to study the effect of GRAZAX® in the treatment of children. Treatment began in December 2006 and will continue during the 2007 grass pollen season.

In December 2006, ALK-Abelló received approval from the US regulatory authorities to initiate a Phase III efficacy study (GT-14) of GRAZAX® in the USA. Treatment of patients began in December 2006 and will continue during the 2007 grass pollen season. The study will be conducted with a view to subsequent filing of an application for registration of GRAZAX® on the North American market. The study is funded by Schering-Plough under a collaborative agreement subsequently signed for North America.

In late December 2006, ALK-Abelló announced the main results from the second treatment season in the long-term study of GRAZAX® (GT-08). The study showed improved effect in the second treatment season compared to the first treatment season. The results support ALK-Abelló's expectations that GRAZAX® will have a lasting effect when the recommended three-year treatment period ends. Such a lasting effect cannot be obtained with traditional symptom-relieving allergy medication. The GT-08 study will continue during the 2007 grass pollen season (the third treatment season), after which patients will be monitored for another two years without treatment with a view to documenting a lasting effect of GRAZAX®.

Clinical development of other tablet vaccines

ALK-Abelló has initiated a large Phase II/III dosage/efficacy study (MT-02) of the company's tablet-based vaccine against house dust mite allergy in several European countries. Patient enrollment for the study was completed in December 2006. Treatment will continue during the calendar year 2007 and into 2008.

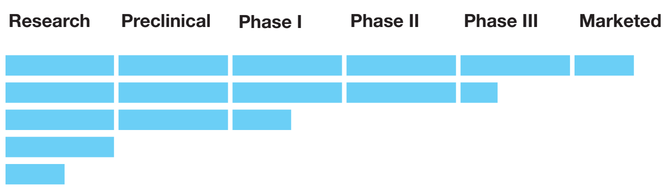
Moreover, ALK-Abelló has initiated treatment of patients in a clinical study (RT-01) in the USA of a tablet-based vaccine against ragweed allergy. The study is a Phase I tolerability study designed to evaluate dosage and safety. The study is expected to be completed in the second quarter of 2007.

Partnerships for marketing of tablet vaccines

Europe. In late November 2006, ALK-Abelló signed an agreement with the Menarini Group regarding co-promotion, distribution and licensing of GRAZAX® and two coming tablet-based allergy vaccines in a number of European countries in which ALK-Abelló has no representation or only a limited presence.

Pipeline

Product type	Active ingredient	Indication
GRAZAX®	Biological grass pollen allergen	Rhinitis
Tablet	Biological house dust mite allergen	Rhinitis/asthma
Tablet	Biological ragweed allergen	Rhinitis
Tablet	Biological birch pollen allergen	Rhinitis
Tablet	2nd generation tablet vaccines	Rhinitis/asthma



Under the agreement, ALK-Abelló and Menarini will co-promote the tablet vaccines in the UK, Belgium, Ireland and Luxembourg. In addition, Menarini receives exclusive rights to promote, sell and distribute the products in the following EU member states: Greece, Portugal, Poland, the Czech Republic, Hungary, Slovenia, Slovakia, Latvia, Lithuania, Estonia, Cyprus and Malta. Moreover, Menarini also receives exclusive licensing rights in the non-EU countries: Russia, Turkey, Romania, Croatia, Serbia, Bulgaria, the Ukraine, Kazakhstan and Belarus. In these countries, Menarini will also handle the national approval procedures.

North America. In early January 2007, after the end of the financial year, ALK-Abelló signed a strategic alliance agreement with the US-based pharmaceutical company Schering-Plough to develop and commercialize GRAZAX® and the tablet-based allergy vaccines against house dust mite allergy and ragweed allergy in the USA, Canada and Mexico.

Under the agreement, ALK-Abelló will receive an up-front payment of USD 35 million (approximately DKK 200 million) from Schering-Plough. In addition, ALK-Abelló may receive up to a total of USD 255 million (approximately DKK 1,430 million) of milestone payments. Out of this amount, USD 65 million (approximately DKK 370 million) relates to the clinical development and regulatory events for the three tablet-based allergy vaccines and the rest to realized sales of the tablets. In addition, ALK-Abelló will be entitled to royalty payments on net sales of the products on the North American market. Schering-Plough will be responsible for all costs of clinical development, registration, marketing and sales of the products on the North American market. ALK-Abelló will be responsible for tablet production and supply. The agreement has subsequently been approved by the US competition authorities (the Federal Trade Commission).

Income statement

Amount in DKKm	2006 (4M)	%	2005 (4M, unaudited)	%
Revenue	**563**	***100***	533	*100*
Cost of sales	**175**	***31***	167	*31*
Gross profit	**388**	***69***	366	*69*
Research and development expenses	**120**	***21***	82	*15*
Sales, marketing and administrative expenses	**269**	***48***	204	*38*
Other operating income	**13**	***2***	-	-
Operating profit before exceptional items	**12**	***2***	80	*15*
Exceptional items	**(40)**	***(7)***	-	-
Operating profit (EBIT)	**(28)**	***(5)***	80	*15*
Financial income	**13**	***2***	28	*5*
Financial expenses	**3**	***1***	5	*1*
Profit before tax (EBT)	**(18)**	***(3)***	103	*19*
Tax on profit	**2**	***0***	43	*8*
Net profit	**(20)**	***(4)***	60	*11*

Closure of the *In Vitro Diagnostics* business unit

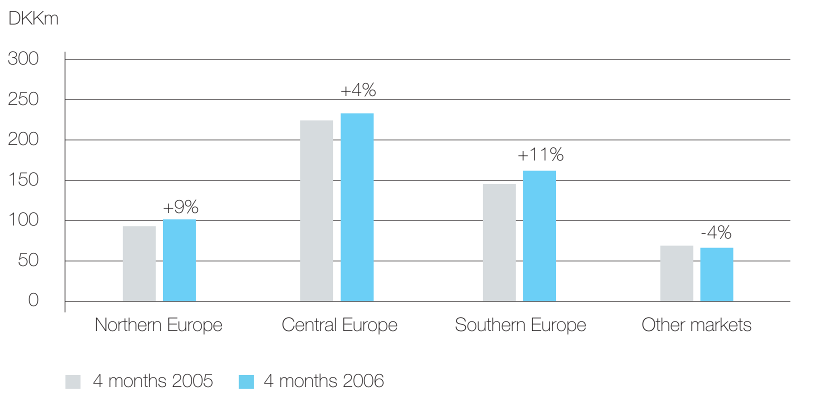
In December 2006, ALK-Abelló decided to close the *In Vitro Diagnostics* business unit, which supplies blood sample based allergy tests to Bayer Diagnostics. ALK-Abelló does not expect that Bayer Diagnostics will have sufficient long-term interest in the allergy field as the company was acquired earlier in the year by Siemens Medical Solutions, which owns a competing testing company that has a much larger market share. The *In Vitro Diagnostics* business unit contributed about 3% of 2005/06 revenue. Accordingly, the closure of the business unit is expected to have only a marginal impact on ALK-Abelló's earnings. The closure of *In Vitro Diagnostics* reduced operating profit for the period by DKK 40 million due to write-downs on inventories and provisions for other closure costs. It is expected that the closure of the business unit will be completed towards the end of 2007.

Financial Review

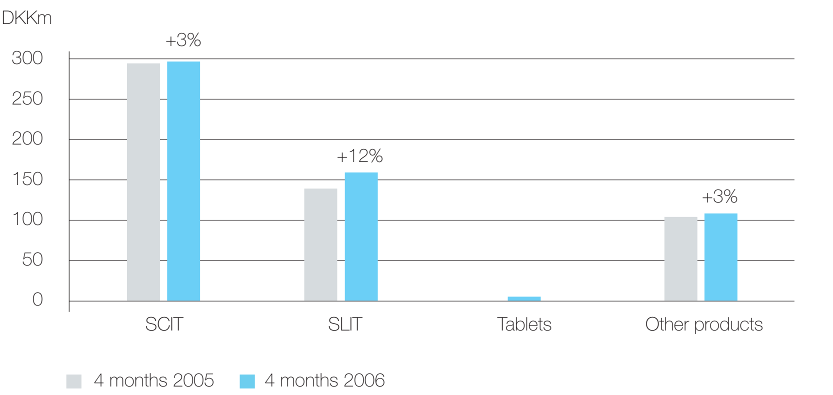
Change of financial year

On the basis of a financial year that is unsuitable in view of the seasonal variations in sales and a change in joint taxation rules, a resolution was passed by the shareholders at the annual general meeting held on December 19, 2006 to change the company's financial year to the calendar year effective January 1, 2007. As a consequence, this annual report covers the transition period from September 1 to December 31, 2006. The comparative figures for the last four months of 2005 are unaudited and are stated by way of highlights on the inside cover of this annual report.

Revenue by market



Revenue by product line



Revenue for the period September 1 to December 31, 2006 was DKK 563 million (533), equivalent to an organic growth rate of 6% compared to the same period of 2005.

All key regions generated positive organic growth for the period, and satisfactory sales growth was achieved in most geographic markets.

In the Northern European Region, which accounts for 18% of revenue and comprises the Nordic Region, the UK and the Netherlands for reporting purposes, a 9% increase in revenue to DKK 101 million was recorded, primarily as a result of continuing growth in sales of EpiPen® in the UK.

In Central Europe, revenue grew by 4% to DKK 234 million. Performance in this region was mainly affected by increased competition within injection-based immunotherapy on the German market and the mild pollen season in 2005. The Central European Region, which comprises Germany, Austria and Switzerland, continued to be the Group's largest region, accounting for 42% of revenue.

Revenue from the Southern European Region, comprising Spain, Italy and France, increased by 11% to DKK 162 million due to continuing growth in sales of drop-based allergy vaccines. The Southern European Region accounted for 29% of revenue.

In other markets, revenue dropped by 4% to DKK 66 million, primarily because certain in-licensed products from the group "other products" have been taken out of the product range. Other markets accounted for 12% of revenue and comprised the USA, China and exports to the rest of the world.

Sales of allergy vaccines, which accounted for 81% of revenue, rose by 6%. Sales of injection-based vaccines (SCIT), which accounted for 53% of revenue, rose by 3%. Sales of drop-based products (SLIT) rose by 12% and now account for 28% of revenue. Revenue from SLIT products continued to grow more rapidly than revenue from SCIT products. In November 2006, GRAZAX® was launched in Germany, and revenue from the tablets in November and December was DKK 3 million, which was in line with expectations.

Revenue from other products (diagnostics, EpiPen® and other trading goods) rose 3%, and the growth was the result mainly of continuing growth in sales of EpiPen®. Revenue from other products was affected by the fact that certain in-licensed products have been taken out of the product range. When eliminated for the effect of this, the adjusted growth rate was 9%.

Cost of sales amounted to DKK 175 million (167), which brought gross profit to DKK 388 million (366). The gross margin was unchanged at 69%.

Research and development expenses which related to the development and optimization of both existing and tablet-based allergy vaccines totalled DKK 120 million (82), equivalent to 21% of revenue. These expenses were especially affected by the start-up of a Phase II/III study (MT-02) of the company's tablet-based vaccine against house dust mite allergy and additional studies involving GRAZAX®.

Capacity costs relating to sales, marketing and administration amounted to DKK 269 million (204) and accounted for 48% of revenue. Capacity costs were mainly affected by increased sales and marketing activities regarding the launch of GRAZAX®.

EBIT was a loss of DKK 28 million (a profit of 80), equivalent to a negative EBIT margin of 5%. EBIT was extraordinarily affected by costs of DKK 40 million for the closure of the *In Vitro Diagnostics* business unit in Stenløse, Denmark.

After net financials, which amounted to a profit of DKK 10 million, **EBT** was a loss of DKK 18 million (a profit of 103). **Income tax** was DKK 2 million (43), and a **net loss** of DKK 20 million was recorded (a profit of 60).

The cash flow from operating activities was an outflow of DKK 39 million (inflow of 23), which was affected in particular by taxes paid. **The cash flow from investing activities** was an outflow of DKK 41 million (22) and related to investments in packaging facilities and ongoing maintenance. **The cash flow from financing activities** was an outflow of DKK 56 million at the end of the year (4,040), mainly due to the declaration of an ordinary dividend of DKK 50 million to the company's shareholders. The cash flow for the year as a whole was an outflow of DKK 136 million (4,039).

Equity stood at DKK 2,024 million at the end of the year (2,234), corresponding to a reduction to an equity ratio of 74% (78).

Outlook for the financial year 2007

For the financial year 2007, ALK-Abelló forecasts revenue, including revenue from sales of GRAZAX®, of DKK 1,650-1,700 million (1,519) with underlying organic growth of 12-15% compared to the calendar year 2006.

It is expected that GRAZAX® will be launched in Northern, Central and Southern Europe. The sales forecast for GRAZAX® is subject to substantial uncertainty, depending among other things on price and reimbursement negotiations with the European authorities and thus whether the launch progresses as expected. It is expected that the organic growth in the remaining business will be moderate.

The research and development costs are expected to be at the same level as in 2006 and primarily concern the further development of the tablet-based allergy vaccines. Sales and marketing costs will be affected by considerable costs of launching GRAZAX® in Europe.

Operating profit (EBIT) is forecast at approximately DKK 200-220 million and includes revenue from Schering-Plough of approximately DKK 200 million. Profit before tax (EBT) is forecast at approximately DKK 230-250 million.

The outlook for 2007 does not include potential adjustments, neither of the provisions, nor of the consideration regarding the divestment of the ingredients business Chr. Hansen in 2004/05.

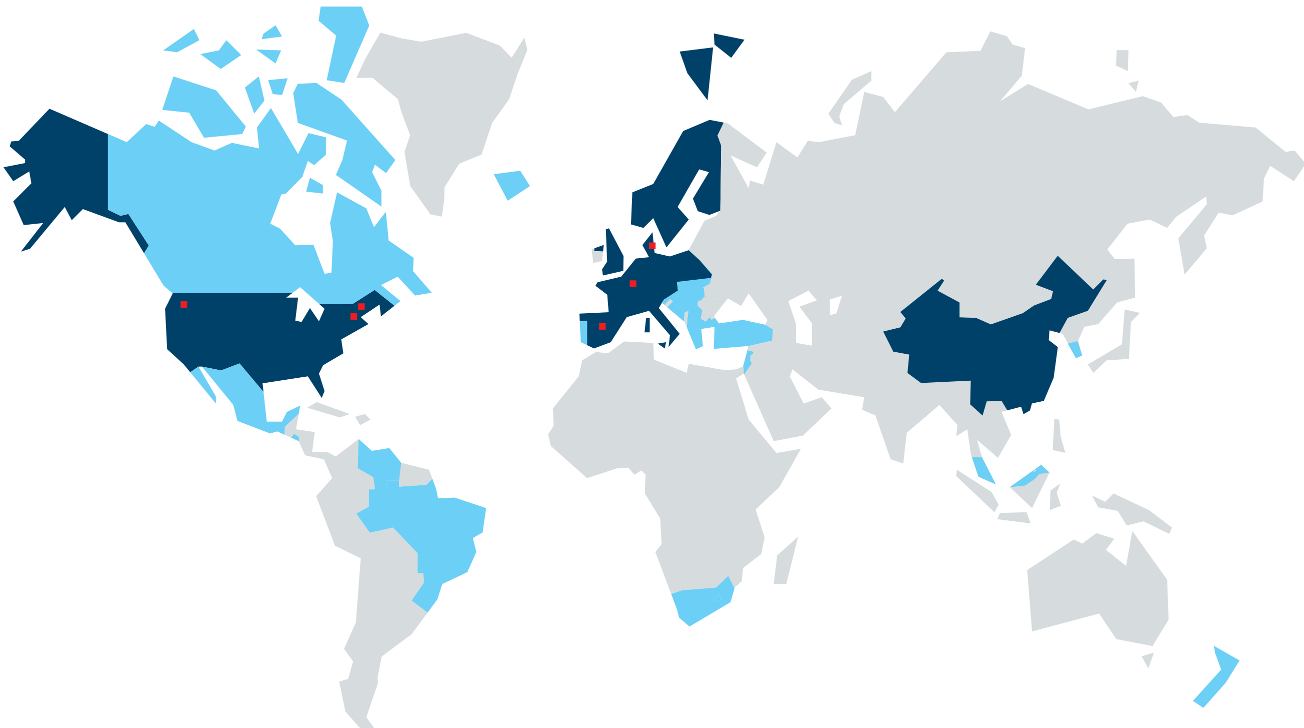
Events after the balance sheet date

In early January 2007, ALK-Abelló and Schering-Plough signed an agreement on a strategic alliance to develop and commercialize ALK-Abelló's tablet-based allergy vaccines against grass pollen allergy (GRAZAX®), house dust mite allergy and ragweed allergy for the North American market.

This annual report contains forward-looking statements, including forecasts of future revenue and operating profit. Such statements are subject to risks and uncertainties because various factors, some of which are beyond the control of the ALK-Abelló Group, may cause actual results and performance to differ materially from the forecasts made in this annual report. Factors that might affect such expectations include, among others, overall economic and business conditions, fluctuations in currencies, demand and competitive factors. This annual report has been translated from Danish into English. However, the Danish text is the governing text for all purposes, and if there is any discrepancy the Danish wording is applicable.

Global presence

- Production
- Distributors
- Subsidiaries in France, the Netherlands, Italy, Switzerland, Spain, Sweden (Nordic), Germany, UK, USA, Austria.
  Sales offices in China, Finland, Norway and Denmark.



About ALK-Abelló

ALK-Abelló is devoted to improving the lives of people with allergies by developing pharmaceutical products that target the cause of allergy. ALK-Abelló is the world leader in allergy vaccination (immunotherapy) – a unique treatment that induces a protective immune response which reduces and potentially halts the allergic reaction. Allergy vaccination is traditionally administered as subcutaneous injections or sublingual droplets. ALK-Abelló aims to extend the use of allergy vaccination by introducing convenient tablet-based vaccines, thereby offering many more patients a causal allergy treatment. ALK-Abelló has more than 1,300 employees with subsidiaries, production facilities and distributors throughout the world. The company is headquartered in Hørsholm, Denmark.

Risk management

Doing business in the pharmaceutical industry is subject to risk. For this reason, ALK-Abelló endeavours at all times to manage the risks that are of specific significance to the company and characteristic of the pharmaceutical industry.

The following risks are of particular significance to ALK-Abelló:

Commercial risks

Risks relating to regulation and price control

ALK-Abelló's products are subject to a large number of statutory and regulatory requirements with respect to issues such as safety, effect and production. In many cases, the national authorities also set or restrict the product price through reimbursements. In most of the countries in which ALK-Abelló operates, prescription drugs are subject to reimbursements from and price control by national authorities. This often results in major price differences on the individual markets. Regulatory intervention and price control may therefore have a significant impact on the company's earnings capacity. As an example, the German authorities dictated a two-year price stop for all prescription drugs effective April 1, 2006.

Risks related to the development of new drugs

The future success of ALK-Abelló depends on the company's ability to successfully identify, develop and market new, innovative drugs, and this involves significant risks. Before a pharmaceutical drug can be approved for marketing, it must be subjected to very extensive and lengthy clinical trials to document aspects such as safety and efficacy. In the course of the development process, the outcome of these trials is subject to significant risks. Even though substantial resources are invested in the development process, the trials may produce negative results. Delays in obtaining regulatory approvals – or failure to obtain such approvals – may also have a major impact on the ability of ALK-Abelló to achieve its long-term goals. ALK-Abelló performs thorough risk assessments of its research and development programs in a continuing process before they are moved forward in the development process and into the final registration process. This is done to optimize the probability that the products reach the market.

Risks related to commercialization

If ALK-Abelló and its partners succeed in developing new products and obtaining regulatory approval for them, the ability to generate revenue depends on the products being accepted by general practitioners and patients. The degree of market acceptance of a new product or drug candidate depends on a number of factors, including demonstration of clinical efficacy and safety, cost-effectiveness, convenience and ease of administration, potential advantage over alternative treatment methods, competition, and marketing and distribution support.
If ALK-Abelló's new products fail to achieve market acceptance, this could have a significant influence on the company's ability to generate revenue. ALK-Abelló regularly conducts extensive surveys of market conditions and similar factors and generally expends significant resources on providing information on its products to general practitioners and patients. Commercialization is a crucial part of the company's strategic basis and strategic activities.

Risks related to dependence on third parties

ALK-Abelló has partnership agreements with third parties with a view to commercializing the company's products on certain markets and with parties supplying important input for key production processes.

Although there are financial incentives for ALK-Abelló's partners to fulfil their contractual obligations, there can be no assurance that they will actually do so. The factors that motivate ALK-Abelló's partners to commercialize products may be affected by conditions and decisions beyond ALK-Abelló's control.

Under its agreement with Schering-Plough, ALK-Abelló is also entitled to receive certain guaranteed payments. The size of these milestone payments will depend on continuing favourable results in the development of pharmaceutical products for which Schering-Plough holds the license rights.

Moreover, reliance on suppliers and third-party manufacturers entails risks to which ALK-Abelló would not be subject if the company possessed the necessary in-house manufacturing capabilities. Such risks include, but are not limited to:

- reliance on a third party for regulatory compliance and quality assurance,
- possible breach of a manufacturing agreement by a third party due to factors beyond ALK-Abelló's control and influence, and
- reliance on the ability of a third party to deliver and scale up the volume of production.

ALK-Abelló manages these risks through contractual relations, thorough planning and monitoring, and through joint steering committees in co-operation with these external parties.

Risks relating to competition

ALK-Abelló operates in markets characterized by intense competition. If, for instance, a competitor launches a new and more effective treatment of allergy, it may have a material impact on ALK-Abelló's sales.
A competitive market may also lead to market-driven price reductions or price

reductions dictated by the regulatory authorities. Both competition and price are risks that may have a material impact on ALK-Abelló's ability to achieve its long-term goals. ALK-Abelló therefore monitors economic developments, the competitive situation and initiatives on all important markets.

Risks relating to patents and intellectual property rights

Patents and other intellectual property rights are important for developing and retaining ALK-Abelló's competitive strength. The risk that ALK-Abelló infringes patents or trade mark rights held by other companies and the risk that other companies may attempt to infringe the patents and trade mark rights of ALK-Abelló are monitored and, if necessary, suitable measures are taken.

Risks relating to production and quality

ALK-Abelló has concentrated most of its production capacity at factories in Denmark, France, Spain and the USA. Although the factories are located in areas that have not historically been hit by natural disasters, this geographical diversification calls for risk planning in order to avoid emergency situations such as lack of or poor access to raw materials such as pollen. This planning includes the prevention of unwanted events and preventive inventory management; an example is the build-up of contingency inventories in order to ensure an unbroken chain of production. Production and manufacturing processes are also subjected to periodic and routine inspections by the regulatory authorities as a regular part of their monitoring process in order to ensure that all manufacturers observe the prescribed requirements and standards. Meeting these quality standards is a prerequisite for the company's competitive strength. ALK-Abelló's production processes and quality standards have been developed and optimized over many years. Regular inspections by the regulatory authorities at ALK-Abelló did not give rise to any material comments in the past year.

Risks relating to key employees

ALK-Abelló is dependent on being able to attract and retain employees in key positions. A loss of key employees may have a material impact on the company's market and research efforts. ALK-Abelló is managing this risk, among other things, by continuously offering its staff professional development opportunities and fair compensation.

Financial risks

The goal of ALK-Abelló's financial risk management is to reduce the sensitivity of earnings to fluctuations in exchange rates, interest rates, credit rating and liquidity.

Foreign exchange risk

The most significant financial risk relates to exchange rate fluctuations. The exposure is most substantial to EUR and USD, as 80% of the ALK-Abelló Group's revenue is denominated in EUR and 8% in USD. As the costs of the company's subsidiaries are in local currencies, the sensitivity at EBIT level is reduced. Currency translation adjustments relating to sales and costs denominated in other currencies than DKK are recognized in the income statement. In addition, ALK-Abelló is exposed to the exchange rate risks that relate to the translation into DKK of the net assets of its foreign subsidiaries. In accordance with the accounting policies, such currency translation adjustments are recognized directly in equity.

Net assets by currency

Intercompany sales are generally invoiced in the currency of the buying country. Thus, the currency exposure is limited to Denmark and the other three production countries: Spain, France and the USA. The foreign exchange risk is generally deemed to be limited. Foreign exchange exposure relating to future transactions and assets and liabilities is evaluated and secured by instruments such as forward currency contracts. This serves to limit the impact of any currency fluctuations on the financial results. The exchange rate exposure relating to net investments in foreign subsidiaries is not hedged by forward currency contracts. Hedging instruments are not used for speculative purposes.

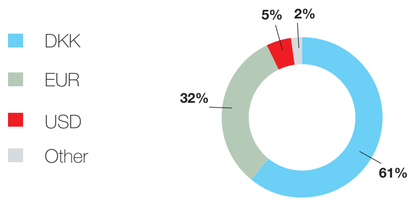
Interest-rate and liquidity exposure

At the end of the financial year, net interest-bearing assets stood at approximately DKK 900 million. Excess liquidity from, among other things, the divestment of the ingredients business, is invested in investment-grade, liquid, interest-bearing instruments with a relatively short duration.

Credit exposure

The credit exposure in connection with financial instruments is managed by using only financial institutions with satisfactory creditworthiness, in Denmark as well as abroad. Trade receivables are monitored closely at the local level and are distributed on a number of markets and customers. The credit risk is therefore considered to be low.

Net asset by currency as at December 31, 2006



Employees, environment, health and safety

Since the end of the 2005/06 financial year, ALK-Abelló has increased staff to a total of 1,346, adding jobs especially within sales and marketing in connection with the launch of GRAZAX®.

ALK-Abelló is continuing the competence development projects for managers and employees that were initiated earlier. In addition, the systematic efforts to constantly enhance the working environment and reduce the impact on the external environment are being continued.

Overall, ALK-Abelló's production is clean, and also lean in volume terms. The raw materials are naturally occurring biological materials. The most significant environmental impacts occur at the production sites in Hørsholm and Stenløse (Denmark), Madrid (Spain), Vandeuil (France), Port Washington, Spokane and Spring Mills (USA).

For use in this and previous annual reports, ALK-Abelló collects data for the environmental and safety area from sites (production, research and development, administration) in Hørsholm and Stenløse (Denmark), Madrid (Spain) and Port Washington, Round Rock, Spokane and Spring Mills (USA).

As in the 2005/06 financial year, there were no instances of non-compliance with statutory requirements, including environmental requirements in 2006. There were no breaches of regulatory limit values or accidental releases.

Employees by employee group

	2002/03	2003/04	2004/05	2005/06	**2006**
Production	447	453	515	509	**519**
Sales	282	278	345	402	**455**
Administration	123	123	140	150	**156**
Research & Development	187	176	188	205	**216**
Revenue per employee (DKK 1,000)	*954*	*1,023*	*1,024*	*1,176*	***418****
Total	1,039	1,030	1,188	1,266	**1,346**

*covers only the period September 1 to December 31, 2006

Shareholder information

Securities identification code and share capital

ALK-Abelló's shares are listed on the Copenhagen Stock Exchange (the OMX Group) under the symbol ALK B, and the securities identification code (ISIN) is DK0060027142. The company's shares are included in the following indices: Nordic Large Cap, OMXCPI and KFMX.

The issued share capital of the company consists of 10,128,360 shares with a nominal value of DKK 10, equivalent to a total nominal share capital of DKK 101,283,600. The share capital consists of 920,760 A shares and 9,207,600 B shares. The B shares are listed on the Copenhagen Stock Exchange. Each A share carries ten votes, and each B share carries one vote. No changes were made to the share capital during the period.

Registrar

VP Investor Services A/S
Shareholder Register
Helgeshøj Allé 61
DK-2630 Taastrup
Denmark

Management urges all shareholders to have their shares registered in the company's register of shareholders.

Ownership

On December 31, 2006, the shareholders listed in the table below had notified the company pursuant to section 28(a) and (b) of the Danish Public Companies Act that they hold 5% or more of the company's shares. As at January 31, 2007, ALK-Abelló A/S had 10,264 registered shareholders, up from 7,051 at the end of October 2006. The registered shareholders represent approximately 87% of the share capital, and 1,145 of these shareholders are foreign shareholders, holding approximately 19% of the share capital.

Share price performance

The price of ALK-Abelló's shares was DKK 1,410 per share as at December 31, 2006, representing an 84% increase since the end of August 2006. The closing share price on January 31, 2007 was 1,328. The volume of B shares traded during the period from September 1, 2006 to January 31, 2007 was approximately 5.7 million B shares with a total market value of DKK 6.7 billion. This corresponded to an average of DKK 63 million per trading day.

Dividend policy

ALK-Abelló A/S pays dividends taking into account actual earnings, risk management, strategy and investment plans. At the annual general meeting to be held on April 13, 2007, the Board of Directors intends to propose an ordinary dividend of DKK 2 per share of DKK 10. Payment of the ordinary dividend in respect of 2006 is expected to take place on April 19, 2007.

Treasury share policy

The shareholders have authorized the Board of Directors of ALK-Abelló to let the company acquire own B shares with a nominal value of up to 10% of the B share capital at the market price on the date of acquisition, subject to a deviation of up to 10%. The authorization is valid for the period until the next annual general meeting.

The nominal value of ALK-Abelló's treasury shares was DKK 688,000 as at December 31, 2006, equivalent to 0.7% of the share capital at year-end 2006.

Share option and employee share plans

Further details and terms of the share option and employee share plans are disclosed in note 7 to the financial statements.

Clauses on change of control of the company

The company has not entered into any material agreements with any customers, suppliers or other business partners which would come into effect or would change if the control of the company changes.

If members of the company's Board of Management leave their positions in connection with a change of control of the company, such members are entitled to compensation that does not exceed usual severance terms.

Shareholders holding 5% or more of the company's shares as at December 31, 2006

	Registered office	A shares, number	B shares, number	Interest	Votes
LFI a/s	Hellerup, Denmark	919,620	2,649,130	35.2%	64.3%
The Labour Market Supplementary Pension Scheme (ATP)	Hillerød, Denmark	-	555,837	5.5%	3.0%

Investor relations

Management and the investor relations function continuously work to further develop the dialogue with shareholders, analysts, potential investors and other stakeholders via open, honest and accessible information.

The contact person for investor relations is:
Per Plotnikof
Investor Relations Manager
Tel: +45 4574 7527
Fax: +45 4574 8607
E-mail: investor@alk-abello.com

Annual general meeting

The proposals to be made by the Board of Directors at the annual general meeting to be held on April 13, 2007 include:

- Declaration of an ordinary dividend of DKK 2 per share for the transition year covering the period from September 1 to December 31, 2006.
- Authorization to the Board of Directors to acquire up to 10% of the company's own shares.
- Authorization to the Board of Directors to declare extraordinary dividends.

The company's policy for nominating and replacing board members is that the two members who have been in office for the longest time shall retire from office each year. Retiring members shall be eligible for re-election.

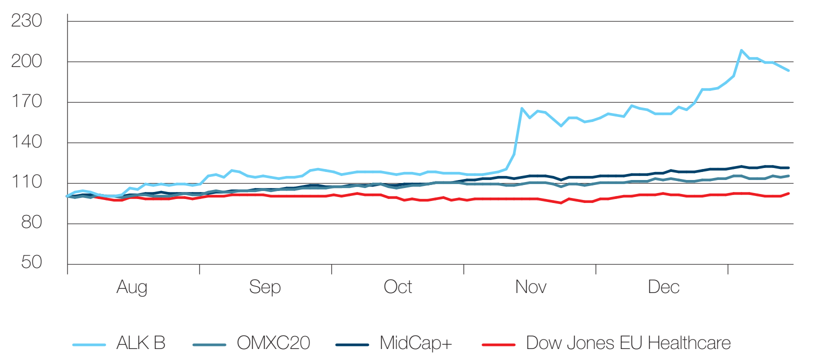
The company's articles of association can be amended if the amendment is adopted by not less than two-thirds of the votes cast as well as the voting share capital represented at the general meeting.

The Internet

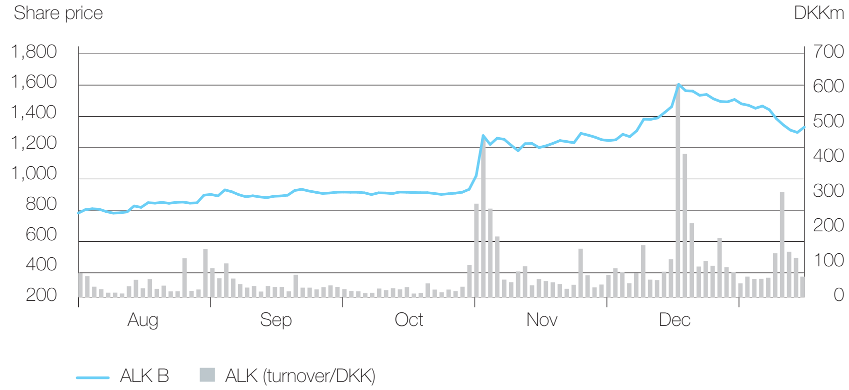
Information on ALK-Abelló is also available at the corporate website: www.alk-abello.com. The website includes relevant investor presentations, the company's investor relations policy, a list of announcements to the Copenhagen Stock Exchange, financial statements, and other relevant information.

The company invites all interested parties to register for the company's e-mail news service in order to receive information on stock exchange releases, interim financial statements and other information immediately after publication.

Relative share price development



Share price and turnover



2007 financial calendar

Annual general meeting Radisson SAS Scandinavia Hotel Amager Boulevard 70 DK-2300 Copenhagen S | Denmark	April 13, 2007
Three-month interim report (Q1) 2007	May 22, 2007
Six-month interim report (Q2) 2007	August 21, 2007
Nine-month interim report (Q3) 2007	November 22, 2007

Analysts

Securities company	Analyst	Telephone	E-mail
ABG Sundal Collier		+45 3318 6100	
Carnegie Danmark	Annette Lykke	+45 3288 0200	annette.lykke@carnegie.dk
Danske Equities	Martin Parkhøi	+45 3344 0000	martin.parkhoi@danskebank.com
Gudme Raaschou Bank	Annette Rye Larsen	+45 3344 9000	rye@gr.dk
Handelsbanken	Michael Novod	+45 3341 8200	mino03@handelsbanken.se
SEB Enskilda	Henrik Simonsen	+45 3697 7000	henrik.simonsen@enskilda.dk
Jyske Bank	Frank Hørning Andersen	+45 8922 2222	fha@jyskebank.dk
Main*First* Bank AG	Dr. Marcus Wieprecht	+49 (0) 69 78808-221	marcus.wieprecht@mainfirst.com
Piper Jaffray	Sam Fazeli	+44 20 3142 8700	sam.m.fazeli@pjc.com
	Tracey West	+44 20 3142 8700	tracey.j.west@pjc.com
Proactive Independent Ideas	Frans Høyer	+44 7810 44 5172	frans.hoyer@pi-ideas.co.uk
Standard & Poor's	Torben Vest	+45 8896 8609	torben_vest@standardandpoors.com
Sydbank A/S	Holger Smitt	+45 3369 7800	holger.smitt@sydbank.dk

Corporate governance

In addition to undertaking the overall management of the company, it is the primary responsibility of the Board of Directors to define the strategic framework for the activities and action plans of the company and to maintain a constructive dialogue with the Board of Management regarding the implementation of the strategies laid down. In addition, the Board of Directors appoints the Board of Management, sets out its terms and tasks, and supervises its work and the company's procedures and responsibilities.

The Board of Directors consists of six members elected by the company's shareholders at the annual general meeting and two members elected by the company's employees. The age limit for members appointed by the shareholders is 70 years. ALK-Abelló believes that the Board of Directors is effectively able to manage the company as a result of its international experience and competences in drug development, finance and general management.

Furthermore, the Board of Directors is composed in such a way that its directors are able to act independently of special interests. Two of the members elected by the company's shareholders are also members of the Board of Directors of LFI a/s. The other members elected by the shareholders are independent and have no interest in ALK-Abelló other than the interests they may have as shareholders.

Guidelines

In 2005, the Copenhagen Stock Exchange adopted a set of recommendations on corporate governance which companies are required to consider in accordance with the "comply or explain" principle. On the basis of these recommendations, the Board of Directors of ALK-Abelló discussed the general implementation of corporate governance in the Board's work. The general principles for the specific recommendations in the reports have been applied in the Board's regular work for a number of years. ALK-Abelló meets the recommendations but has chosen different practices in the following significant areas:

- As recommended, the Board of Directors has considered whether it is suitable for the company to have different share classes. The share capital of ALK-Abelló A/S is divided into A and B shares. Each A share carries ten votes, and each B share carries one vote. The Board of Directors and Board of Management believe that the current ownership and share structure have been and continue to be appropriate with a view to ensuring the company's long-term goals and development.

- ALK-Abelló does not, as proposed in the recommendations, have any guidelines on how many directorships a board member may hold. What is important is each individual member's capacity, competences and contribution.

- The recommendations propose that all board members should be elected for one year at a time. In ALK-Abelló, the two members elected by the shareholders at the annual general meeting who have been in office for the longest time shall retire from office in order to ensure continuity in the management of the company. Retiring members shall be elegible for re-election.

- The recommendations propose that the remuneration paid to Management be disclosed in detail. ALK-Abelló believes that focus should be on the total remuneration and any increase or decrease in it. The remuneration paid to the Board of Directors and the Board of Management is disclosed in the annual report. The members of ALK-Abelló's Board of Directors do not receive any incentive-based compensation. Incentive-based compensation paid to the Board of Management is fully disclosed in the annual report in accordance with the rules applicable at the time.

With respect to the other specific recommendations in the reports, the Board of Directors includes these in its considerations on corporate governance to the effect that both the company's and the other stakeholders' interests are safeguarded in the best possible way.

Facts on the company's corporate governance, including information on annual general meetings, management, articles of association, reporting and dealings in treasury shares, are available at the company's website, www.alk-abello.com.

Board of Directors and Board of Management

Board of Directors:

Jørgen Worning, 66
Chairman
First elected in 2005

Bang & Olufsen a/s, Chairman
FLSmidth & Co. A/S, Chairman.

Thorleif Krarup, 54
Vice Chairman
First elected in 2005

H. Lundbeck A/S, Vice Chairman
LFI a/s, Vice Chairman
Bang & Olufsen a/s, Board Member
Dangaard Telecom A/S, Board Member
Group 4 Securicor plc, Board Member
Scion DTU A/S, Board Member
The Lundbeck Foundation, Board Member.

Nils Axelsen, 65
First elected in 2005

LFI a/s, Board Member
The Lundbeck Foundation, Vice Chairman.

Carsten Lønfeldt, 59
First elected in 2005

ATP Invest F.M.B.A., Board Member
ByrumLabflex A/S, Chairman
Investin/Investin Pro, Board Member
Kirkbi A/S, Board Member
Nykredit Invest, Board Member
Polaris Management A/S, Board Member
A/S af 1. november 1998, Board Member.

Jesper Fromberg Nielsen, 38
First elected in 2003

Project Manager, ALK-Abelló A/S
Employee-elected.

Anders Gersel Pedersen, 55
First elected in 2005

H. Lundbeck A/S, Senior Vice President,
Drug Development
Genmab A/S, Vice Chairman
TopoTarget A/S, Board Member.

Ingelise Saunders, 57
First elected in 2005

ACE BioSciences A/S, President and CEO
TopoTarget A/S, Board Member
Scandinavian Life Science Venture,
Board Member.

Peter Adler Würtzen, 38
First elected in 2003

Research Scientist, ALK-Abelló A/S
Employee-elected.

Board of Management:

Jens Bager, 47
President & CEO.

Anders Hedegaard, 46
Executive Vice President,
Business Operations & International
Marketing.

Henrik Jacobi, 41
Executive Vice President,
Research & Development.

Flemming Steen Jensen, 45
Executive Vice President,
Product Supply.

Jutta af Rosenborg, 48
CFO, Executive Vice President,
Finance & IT.

Carnegie WorldWide Fund, Board Member.

Shareholdings in ALK-Abelló A/S as at December 31, 2006
The Board of Directors holds 3,929 shares and the Board of Management holds 2,745 shares in the company.

Statement by Management

The Board of Directors and the Board of Management today considered and adopted the annual report for the financial year September 1, 2006 to December 31, 2006. The annual report is presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for the annual reports of listed companies. Management's review gives a true and fair description of the Group's and the Parent Company's activities, position and outlook.

We consider the accounting policies to be adequate, to the effect that the financial statements of the Group and the Parent Company give a true and fair view of the Group's and the Parent Company's assets, equity and liabilities, financial position, results of operations and cash flows. We recommend that the annual report be adopted by the shareholders at the annual general meeting.

Hørsholm, March 2, 2007

Board of Management

Jens Bager
President and CEO

Anders Hedegaard

Henrik Jacobi

Flemming Steen Jensen

Jutta af Rosenborg

Board of Directors

Jørgen Worning
Chairman

Thorleif Krarup
Vice Chairman

Nils Axelsen

Carsten Lønfeldt

Jesper Fromberg Nielsen

Anders Gersel Pedersen

Ingelise Saunders

Peter Adler Würtzen

Independent auditors' report

To the shareholders of ALK-Abelló A/S

We have audited the annual report of ALK-Abelló A/S for the financial year September 1 to December 31, 2006. The annual report comprises the statement by Management on the annual report, the Management's review, the income statement, the balance sheet, the statement of changes in equity, the cash flow statement and the notes to the financial statements, including the accounting policies. The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Management's responsibility for the annual report

Management is responsible for the preparation and fair presentation of an annual report in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility and basis of opinion

Our responsibility is to express an opinion on this annual report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of an annual report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the annual report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion

In our opinion, the annual report gives a true and fair view of the Group's and the Parent's financial position at December 31, 2006 and of their financial performance and their cash flows for the financial year September 1 to December 31, 2006 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for listed companies.

Copenhagen, March 2, 2007

Deloitte
Statsautoriseret Revisionsaktieselskab

Jens Rudkjær State Authorized Public Accountant	Kirsten Aaskov Mikkelsen State Authorized Public Accountant

Income statement

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Note	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
410	175	3	**Revenue**	563	1,489
280	119	6-9	Cost of sales	175	497
130	56		**Gross profit**	388	992
250	105	6-9	Research and development expenses	120	282
94	42	6-9	Sales and marketing expenses	204	482
45	7	6-9	Administrative expenses	65	176
7	12		Other operating income	13	1
(252)	(86)		**Operating profit/(loss) before exceptional items**	12	53
-	(40)	4	Exceptional items	(40)	-
(252)	(126)		**Operating profit/(loss) (EBIT)**	(28)	53
180	156	10	Financial income	13	48
15	34	11	Financial expenses	3	8
(87)	(4)		**Profit/(loss) before tax (EBT)**	(18)	93
(57)	(33)	12	Tax on profit/(loss)	2	49
(30)	29		**Net profit/(loss)**	(20)	44
			Attributable to:		
(30)	29		Shareholders of the parent	(20)	24
-	-		Minority interests	-	20
(30)	29			(20)	44
			Earnings per share (EPS)		
		13	Earnings per share (EPS) – DKK	(2.0)	2.4
		13	Diluted earnings per share (DEPS) – DKK	(2.0)	2.4
			Net profit for the year is proposed to be distributed as follows:		
51	20		Dividend to shareholders		
(81)	9		Transfer to/from other reserves		
(30)	29				

Cash flow statement

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Note	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
(30)	**29**		**Net profit/(loss)**	**(20)**	44
			Adjustments:		
(57)	**(33)**	12	Tax on profit/(loss)	**2**	49
(165)	**(122)**		Financial income and expenses	**(10)**	(40)
3	**2**	7	Share-based payment	**2**	7
44	**16**	9	Depreciation, amortization and write-downs	**25**	73
-	**40**	4	Exceptional items	**40**	-
-	**-**		Change in provisions	**2**	5
(46)	**-**		Share-based payment, paid	**-**	(46)
42	**-**		Net financial items, paid	**1**	40
-	**-**		Income taxes, paid	**(73)**	(94)
(209)	**(68)**		**Cash flow before change in working capital**	**(31)**	38
(4)	**(1)**		Change in inventories	**(18)**	11
51	**(43)**		Change in receivables	**(5)**	(4)
95	**(55)**		Change in short-term payables	**15**	15
(67)	**(167)**		**Cash flow from operating activities**	**(39)**	60
(285)	**-**	5	Acquisitions of companies and operations	**-**	(269)
(6)	**-**	15	Additions, intangible assets	**(2)**	(8)
(72)	**(32)**	16-19	Additions, property, plant and equipment	**(40)**	(97)
129	**142**		Dividend from affiliates	**-**	-
2	**-**		Change in other financial assets	**1**	4
(232)	**110**		**Cash flow from investing activities**	**(41)**	(370)
(299)	**(57)**		**Free cash flow**	**(80)**	(310)
(4,047)	**(50)**		Dividend paid to shareholders of the parent	**(50)**	(4,047)
-	**-**		Payment of minority interests	**-**	(55)
(69)	**-**		Purchase of treasury shares	**-**	(69)
11	**-**		Sale of treasury shares	**-**	11
(3)	**(1)**		Change in other financial liabilities	**(6)**	-
(4,108)	**(51)**		**Cash flow from financing activities**	**(56)**	(4,160)
(4,407)	**(108)**		**Net cash flow**	**(136)**	(4,470)
5,387	**980**		Cash and cash equivalents at the beginning of the year	**1,069**	5,540
-	**-**		Unrealized gain/(loss) on foreign currency carried as cash and cash equivalents	**-**	(1)
(4,407)	**(108)**		Net cash flow	**(136)**	(4,470)
980	**872**		**Cash and cash equivalents at the end of the year**	**933**	1,069

The cash flow statement has been adjusted to the effect that exchange rate adjustments in foreign subsidiaries are not included in the statement. As a result, the individual figures in the cash flow statement cannot be reconciled directly to the income statement and balance sheet.

Balance sheet

ALK-Abelló A/S			Assets	ALK-Abelló Group	
Aug. 31, 2006	Dec. 31, 2006	Note	Amounts in DKKm	Dec. 31, 2006	Aug. 31, 2006
			Non-current assets		
			Intangible assets		
-	-	14	Goodwill	378	378
41	35	15	Other intangible assets	54	60
41	35			432	438
			Tangible assets		
160	157	16	Land and buildings	267	273
119	114	17	Plant and machinery	160	166
3	-	18	Other fixtures and equipment	44	45
62	90	19	Property, plant and equipment in progress	100	71
344	361			571	555
			Other non-current assets		
721	692	20	Investment in affiliates	-	-
88	111	21	Receivables from affiliates	-	-
4	4	22	Securities and receivables	4	5
173	119	23	Deferred tax asset	164	214
986	926			168	219
1,371	1,322		**Total non-current assets**	1,171	1,212
			Current assets		
139	122	24	Inventories	287	287
20	12	25	Trade receivables	169	188
37	132	21	Receivables from affiliates	90	-
-	-		Income tax receivables	18	1
1	13	25	Other receivables	30	19
2	18	25	Prepayments	33	13
980	872	26	Cash and cash equivalents	933	1,069
1,179	1,169		**Total current assets**	1,560	1,577
2,550	2,491		**Total assets**	2,731	2,789

ALK-Abelló A/S			Equity and liabilities	ALK-Abelló Group	
Aug. 31, 2006	Dec. 31, 2006	Note	Amounts in DKKm	Dec. 31, 2006	Aug. 31, 2006
			Equity		
101	**101**	27	Share capital	**101**	101
1,875	**1,859**		Other reserves	**1,923**	1,993
1,976	**1,960**		**Total equity**	**2,024**	2,094
			Liabilities		
			Non-current liabilities		
49	**47**	28	Mortgage debt	**47**	49
-	**-**	28	Bank loans and financial loans	**22**	23
1	**1**	8	Pensions and similar liabilities	**57**	55
140	**146**	29	Other provisions	**153**	147
16	**17**		Other payables	**17**	16
206	**211**			**296**	290
			Current liabilities		
2	**2**	28	Mortgage debt	**2**	2
-	**-**	28	Bank loans and financial loans	**6**	10
64	**72**	30	Trade payables	**136**	126
178	**91**		Payables to affiliates	**-**	-
-	**-**		Income taxes	**31**	48
-	**11**	29	Other provisions	**11**	-
124	**144**	30	Other payables	**225**	219
368	**320**			**411**	405
574	**531**		**Total liabilities**	**707**	695
2,550	**2,491**		**Total equity and liabilities**	**2,731**	2,789

Equity

ALK-Abelló Group

Amounts in DKKm	Share capital	Other reserves: Hedges of future trans-actions	Other reserves: Foreign currency translation adjustment of foreign subsidiaries	Net profit/ (loss)	Total other reserves	Share-holders of the Parent	Minority interests	Total equity
Equity at September 1, 2006	**101**	**-**	**(5)**	**1,998**	**1,993**	**2,094**	**-**	**2,094**
Net profit/(loss)	-	-	-	(20)	(20)	(20)	-	(20)
Foreign currency translation adjustment of foreign subsidiaries	-	-	(2)	-	(2)	(2)	-	(2)
Adjustment of derivative financial instruments for hedging	-	(2)	-	-	(2)	(2)	-	(2)
Total recognized income and expenses	-	*(2)*	*(2)*	*(20)*	*(24)*	*(24)*	-	*(24)*
Share-based payment	-	-	-	2	2	2	-	2
Tax related to items recognized directly in equity	-	-	-	2	2	2	-	2
Dividend paid	-	-	-	(50)	(50)	(50)	-	(50)
Equity at December 31, 2006	**101**	**(2)**	**(7)**	**1,932**	**1,923**	**2,024**	**-**	**2,024**
Equity at September 1, 2005	101	-	-	6,069	6,069	6,170	-	6,170
Effect of changes in accounting policies	-	-	-	3	3	3	35	38
Equity at September 1, 2005 (restated)	**101**	**-**	**-**	**6,072**	**6,072**	**6,173**	**35**	**6,208**
Net profit/(loss)	-	-	-	24	24	24	20	44
Foreign currency translation adjustment of foreign subsidiaries	-	-	(5)	-	(5)	(5)	-	(5)
Total recognized income and expenses	-	-	*(5)*	*24*	*19*	*19*	*20*	*39*
Share-based payment	-	-	-	7	7	7	-	7
Purchase of treasury shares	-	-	-	(69)	(69)	(69)	-	(69)
Sale of treasury shares	-	-	-	11	11	11	-	11
Dividend paid	-	-	-	(4,047)	(4,047)	(4,047)	-	(4,047)
Payment of minority interests	-	-	-	-	-	-	(55)	(55)
Equity at August 31, 2006	**101**	**-**	**(5)**	**1,998**	**1,993**	**2,094**	**-**	**2,094**

ALK-Abelló A/S

Amounts in DKKm	Share capital	Other reserves: Hedges of future trans-actions	Other reserves: Net profit/ (loss)	Other reserves: Total other reserves	Total equity
Equity at September 1, 2006	**101**	**-**	**1,875**	**1,875**	**1,976**
Net profit/(loss)	-	-	29	29	29
Adjustment of derivative financial instruments for hedging	-	(2)	-	(2)	(2)
Total recognized income and expenses	-	*(2)*	*29*	*27*	*27*
Share-based payment	-	-	2	2	2
Tax related to items recognized directly in equity	-	-	2	2	2
Dividend paid	-	-	(50)	(50)	(50)
Other adjustments	-	-	3	3	3
Equity at December 31, 2006	**101**	**(2)**	**1,861**	**1,859**	**1,960**

Amounts in DKKm	Share capital	Other reserves: Hedges of future trans-actions	Other reserves: Net profit/ (loss)	Other reserves: Total other reserves	Total equity
Equity at September 1, 2005	101	-	6,069	6,069	6,170
Effect of changes in accounting policies	-	-	(62)	(62)	(62)
Equity at September 1, 2005 (restated)	**101**	**-**	**6,007**	**6,007**	**6,108**
Net profit/(loss)	-	-	(30)	(30)	(30)
Total recognized income and expenses	-	-	*(30)*	*(30)*	*(30)*
Share-based payment	-	-	3	3	3
Purchase of treasury shares	-	-	(69)	(69)	(69)
Sale of treasury shares	-	-	11	11	11
Dividend paid	-	-	(4,047)	(4,047)	(4,047)
Equity at August 31, 2006	**101**	**-**	**1,875**	**1,875**	**1,976**

List of notes to the financial statements

Notes to the financial statements

1 Accounting policies

General

The annual report of the ALK-Abelló Group and ALK-Abelló A/S for the period September 1 - December 31, 2006, (4M) has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of listed companies. Additional Danish disclosure requirements for the annual reports are imposed by the Statutory Order on Adoption of IFRS issued under the Danish Financial Statements Act and by the Copenhagen Stock Exchange.

The annual report also complies with the International Financial Reporting Standards issued by the IASB.

The annual report is presented in Danish kroner (DKK), which is considered the primary currency of the Group's activities and the functional currency of the parent company.

The annual report is presented on a historical cost basis, apart from certain financial instruments which are measured at fair value. Otherwise, the accounting policies are as described below.

The accounting policies are unchanged from last year.

Standards and interpretations not yet effective

At the date of the publication of this annual report, the following new or amended standards and interpretations relevant to the ALK-Abelló Group are not yet effective, and are therefore not included in this annual report:

- IFRS 7, *Financial instruments: Disclosures.* Effective date January 1, 2007.
- IFRS 8, *Operating segments.* Effective date January 1, 2009.

The standards relate to disclosures and the implementation of the standards will not affect recognition or measurement.

The consolidated financial statements

The consolidated financial statements comprise the financial statements of ALK-Abelló A/S (the parent company) and companies (subsidiaries) controlled by the parent company. The parent company is considered to control a subsidiary when it holds, directly and indirectly, more than 50% of the voting rights or is otherwise able to exercise or actually exercises a controlling influence.

Companies in which the Group directly or indirectly holds between 20% and 50% of the voting rights and exercises a significant but not controlling influence are considered associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of ALK-Abelló A/S and its subsidiaries. The consolidated financial statements are prepared as a consolidation of items of a uniform nature. The financial statements used for consolidation are prepared in accordance with the Group's accounting policies.

On consolidation, intra-group income and expenses, intra-group balances and dividends, and gains and losses arising on intra-group transactions are eliminated.

The items of the financial statements of subsidiaries are fully consolidated in the Group financial statements. The proportionate share of the results of minority interests is recognized in the consolidated income statement and as a separate item under Group equity.

Business combinations

Newly acquired or newly established companies are recognized in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the company actually passes to the Group. Companies sold or discontinued are recognized in the consolidated income statement up to the date of disposal. The date of disposal is the date when control of the company actually passes to a third party.

Acquisitions are accounted for using the purchase method, according to which the identifiable assets, liabilities and contingent liabilities of companies acquired are measured at fair value at the date of acquisition. Non-current assets held for sale are, however, measured at fair value less expected costs to sell.

Restructuring costs are only recognized in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

The cost of a company is the fair value of the consideration paid plus costs directly attributable to the business combination. If the final determination of the consideration is conditional on one or more future events, these adjustments are only recognized in cost if the event in question is likely to occur and its effect on cost can be reliably measured.

If the fair value of the acquired assets or liabilities subsequently proves different from the values calculated at the acquisition date, cost is adjusted for up to 12 months after the date of acquisition.

Any excess of the cost (goodwill) of an acquired company over the fair value of the acquired assets, liabilities and contingent liabilities is recognized as an asset under intangible assets and tested for impairment at least once a year. If the carrying amount of an asset exceeds its recoverable amount, the asset is written down to the lower recoverable amount.

Notes to the financial statements

In connection with the transition to IFRS in 2005/06 the ALK-Abelló Group chose to apply the optional excemption in IFRS 1, under which business combinations effected before September 1, 2004 are not adjusted in accordance with the provisions of IFRS, except that identifiable intangible assets acquired in business combinations are separated from the calculated goodwill and recognized as separate items under intangible assets.

Gains or losses on disposal of subsidiaries

Gains or losses on disposal of subsidiaries are stated as the difference between the disposal amount and the carrying amount of net assets including goodwill at the date of disposal, accumulated foreign exchange adjustments taken directly to equity and anticipated disposal costs. The disposal amount is measured as the fair value of the consideration received.

Foreign currency translation

On initial recognition, transactions denominated in currencies other than the Group's functional currency are translated at average exchange rates, which are an approximation of the exchange rates at the transaction date. Receivables and debt and other monetary items not settled at the balance sheet date are translated at the closing rate.

Exchange differences between the exchange rate at the date of the transaction and the exchange rate at the date of payment or the balance sheet date, respectively, are recognized in the income statement under financial items. Property, plant and equipment and intangible assets, inventories and other non-monetary assets acquired in foreign currency and measured based on historical cost are translated at the exchange rates at the transaction date. Non-monetary items revalued at fair value are translated at the exchange rates at the revaluation date.

On recognition in the consolidated financial statements of subsidiaries whose financial statements are presented in a functional currency other than DKK, the income statements are translated at average exchange rates for the respective months, unless these deviate materially from the actual exchange rates at the transaction dates. In that case, the actual exchange rates are used. Balance sheet items are translated at the exchange rates at the balance sheet date. Goodwill is considered to belong to the acquired company in question and is translated at the exchange rate at the balance sheet date.

Exchange differences arising on the translation of foreign subsidiaries' opening balance sheet items to the exchange rates at the balance sheet date and on the translation of the income statements from average exchange rates to exchange rates at the balance sheet date are taken directly to equity. Similarly, exchange differences arising as a result of changes made directly in the equity of the foreign subsidiary are also taken directly to equity.

Foreign exchange adjustment of receivables or debt to subsidiaries which are considered part of the parent company's overall investment in the subsidiary in question are also taken directly to equity in the consolidated financial statements.

Derivative financial instruments

Derivative financial instruments are measured at fair value on initial recognition. Subsequently, they are measured at fair value at the balance sheet date.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as fair value hedges of a recognized asset or a recognized liability are recognized in the income statement together with any changes in the value of the hedged asset or hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as effective hedges of future transactions are recognized directly in equity. When the hedged transactions are realized, cumulative changes are recognized as part of the cost of the transactions in question.

Changes in the fair value of derivative financial instruments used to hedge net investments in foreign subsidiaries are recognized directly in equity to the extent that the hedge is effective. On disposal of the foreign subsidiary in question, the cumulative changes are transferred to the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized as financial items in the income statement as they occur.

Share-based incentive plans

Share-based incentive plans (equity-settled share-based payments) which comprise share option plans and employee share plans are measured at the grant date at fair value and recognized in the income statement under the respective functions over the vesting period. The balancing item is recognized in equity.

The fair value of share options is determined using the Black & Scholes-model with the parameters stated in note 7.

Share-based incentive plans (cash-settled share-based payments) which comprise employee share-like plans in specific countries are measured at fair value at the grant date and at each subsequent balance sheet date and recognized in the income statement under the respective functions over the vesting period. The balancing item is recognized as liabilities.

Tax

Tax on the profit for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognized in the income statement, except to the extent that it relates to items recognized directly in equity in which case it is recognized in equity. Exchange adjustments of deferred tax are recognized as part of the adjustment of deferred tax for the year.

Current tax payable and receivable is recognized in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account.

The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to the initial recognition of goodwill or the initial recognition of a transaction, apart from business combinations, and where the temporary difference existing at the date of initial recognition affects neither profit/loss for the year nor taxable income.

Deferred tax is not provided on temporary differences relating to investments in subsidiaries, as the parent company is able to control whether tax liability will crystalize, and it is likely that the liabilities will not crystallize as current tax in the foreseeable future.

Deferred tax is calculated based on the planned use of each asset and settlement of each liability, respectively.

Deferred tax is measured using the tax rates and tax rules that, based on legislation enacted or in reality enacted at the balance sheet date, are expected to apply in the respective countries when the deferred tax is expected to crystalize as current tax. Changes in deferred tax as a result of changed tax rates or rules are recognized in the income statement or in equity, depending on where the deferred tax was originally recognized.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognized in the balance sheet at the value at which the asset is expected to be realized, either through a set-off against deferred tax liabilities or as net assets to be offset against future positive taxable income. At each balance sheet date, it is reassessed whether it is likely that there will be sufficient future taxable income for the deferred tax asset to be utilized.

As from 2005/06, the Parent company is taxed jointly with the Company's principal shareholder, LFI a/s and its Danish subsidiaries. The tax charge for the year is allocated among the jointly taxed companies in proportion to the taxable incomes of individual companies, taking into account taxes paid.

Income statement

Revenue

Revenue from the sale of goods for resale and manufactured goods is recognized in the income statement if delivery and the transfer of risk to the purchaser have taken place.

Revenue is measured as the fair value of the consideration received or receivable.

Revenue is measured exclusive of VAT, taxes etc. charged on behalf of third parties and less any commissions and discounts in connection with sales.

Cost of sales

The item comprises cost of sales and production costs incurred in generating the revenue for the year. Costs for raw materials, consumables, goods for resale, production staff and a proportion of production overheads, including maintenance and depreciation, amortization and impairment of property, plant and equipment and intangible assets used in production as well as operation, administration and management of factories are recognized in cost of sales and production costs. In addition, the costs and write-down to net realizable value of obsolete and slow-moving goods are recognized.

Research and development expenses

The item comprises research and development costs, including costs incurred for wages and salaries, depreciation and other overheads as well as costs relating to research partnerships.

Research costs are recognized in the income statement when incurred.

Due to the long development periods and significant uncertainties in relation to the development of new products, including risk regarding clinical trials and regulatory approvals, it is the assessment that the ALK-Abelló Group's development costs generally do not meet the capitalization criteria in IAS 38, *Intangible assets.* All development costs are therefore recognized in the income statement when incurred.

Sales and marketing expenses

The item comprises selling and marketing costs, including salaries and expenses relating to sales staff, advertising and exhibitions, depreciation, amortization and impairment losses on the property, plant and equipment and intangible assets used in the sales and marketing process as well as other indirect costs.

Notes to the financial statements

Administrative expenses
The item comprises expenses incurred for management and administration, including expenses for administrative staff and management, office expenses and depreciation, amortization and impairment losses on the property, plant and equipment and intangible assets used in administration.

Other operating income and expenses
Other operating income and expenses comprise income and expenses of a secondary nature relative to the principal activities of the ALK-Abelló Group.

Exceptional items
Exceptional items comprise costs related to the closure of a business unit.

Financial items
Financial items comprises interest receivable and interest payable, the interest component of payments on finance leases, realized and unrealized foreign exchange gains and losses on securities, liabilities and foreign currency transactions, mortgage amortization premium/allowance etc. and supplements/ allowances under the on-account tax scheme.

Interest income and expenses are accrued based on the principal and the effective rate of interest. The effective rate of interest is the discount rate to be used on discounting expected future payments in relation to the financial asset or the financial liability so that their present value corresponds to the carrying amount of the asset or liability, respectively.

Dividends from investments in subsidiaries are recognized in the parent company financial statements when the right to the dividend finally vests, typically at the date of the company's approval in general meeting of the dividend of the company in question.

Balance sheet

Goodwill
On initial recognition, goodwill is measured and recognized as the excess of the cost of the acquired company over the fair value of the acquired assets, liabilities and contingent liabilities, as described under the consolidated financial statements. In addition, goodwill on acquisition of investments in subsidiaries from minority interests is recognized.

On recognition of goodwill, the goodwill amount is allocated to those of the ALK-Abelló Group's activities that generate separate cash flows (cash-generating units). The determination of cash-generating units is based on the ALK-Abelló Group's management structure and internal financial management and reporting.

Goodwill is not amortized, but is tested for impairment at least once a year, as described below.

Intangible assets
Acquired intellectual property rights in the form of patents, brands, licenses, software and similar rights are measured at cost less accumulated amortization and impairment.

The cost of software includes costs of planning work, including direct salaries. Such acquired intellectual property rights are amortized on a straight-line basis over the contract period, not exceeding 10 years. If the actual useful life is shorter than either the remaining life or the contract period, the asset is amortized over this shorter useful life.

Acquired intellectual property rights are written down to their recoverable amount where this is lower than the carrying amount, as described below.

Intangible assets with indeterminable useful lives are not amortized, but are tested for impairment at least once a year. To the extent that the carrying amount of the assets exceeds the recoverable amount, the assets are written down to this lower amount, as described below.

Property, plant and equipment
Land and buildings, plant and machinery and other fixtures and equipment are measured at cost less accumulated depreciation and impairment. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition and any preparation costs incurred until the date when the asset is available for use.

The cost of assets held under finance leases is determined as the lower of the fair value of the assets and the present value of future minimum lease payments.

Interest expenses on loans to finance the manufacture of property, plant and equipment is included in cost if they relate to the production period. Other borrowing costs are taken to the income statement.

The depreciation base is cost less the estimated residual value at the end of the useful life. The residual value, estimated at the acquisition date and reassessed annually, is determined as the amount the company expects to obtain for the asset less costs of disposal.

The cost of an asset is divided into smaller components that are depreciated separately if such components have different useful lives.

Assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	25-50 years
Plant and machinery	5-10 years
Other fixtures and equipment	5-10 years

Depreciation methods, useful lives and residual values are reassessed once a year.

Property, plant and equipment are written down to the recoverable amount, if lower, cf. below.

Impairment of property, plant and equipment and intangible assets

The carrying amounts of property, plant and equipment and intangible assets with determinable useful lives are reviewed at the balance sheet date to determine whether there are any indications of impairment. If such indications are found, the recoverable amount of the asset is calculated to determine any need for an impairment write-down and, if so, the amount of the write-down. For intangible assets with indeterminable useful lives and goodwill, the recoverable amount is calculated annually, regardless of whether any indications of impairment have been found.

If the asset does not generate any cash flows independently of other assets, the recoverable amount is calculated for the smallest cash-generating unit that includes the asset.

The recoverable amount is calculated as the higher of the fair value less costs to sell and the value in use of the asset or the cash-generating unit, respectively. In determining the value in use, the estimated future cash flows are discounted to their present value, using a discount rate reflecting current market assessments of the time value of money as well as risks that are specific to the asset or the cash-generating unit and which have not been taken into account in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit is lower than the carrying amount, the carrying amount is written down to the recoverable amount. For cash-generating units, the write-down is allocated in such a way that goodwill amounts are written down first, and any remaining need for write-down is allocated to other assets in the unit, although no individual assets are written down to a value lower than their fair value less costs to sell.

Impairment write-downs are recognized in the income statement. If write-downs are subsequently reversed as a result of changes in the assumptions on which the calculation of the recoverable amount is based, the carrying amount of the asset or the cash-generating unit is increased to the adjusted recoverable amount, not, however, exceeding the carrying amount that the asset or cash-generating unit would have had, had the write-down not been made. Impairment of goodwill is not reversed.

Investments in subsidiaries in the financial statements of the parent company

Investments in subsidiaries are measured at cost.

Where the recoverable amount of the investments is lower than cost, the investments are written down to this lower value. In addition, cost is written down to the extent that dividend distributed exceeds the accumulated earnings in the company since the acquisition date.

Other long-term financial assets

Other securities and receivables that are accounted for as long-term financial assets are measured at fair value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realizable value.

Cost comprises raw materials, goods for resale, consumables and direct payroll costs as well as fixed and variable production overheads. Variable production overheads comprise indirect materials and payroll costs and are allocated based on preliminary calculations of the goods actually produced. Fixed production overheads comprise maintenance of and depreciation on the machines, factory buildings and equipment used in the manufacturing process as well as the cost of factory management and administration. Fixed production overheads are allocated based on the normal capacity of the production plant. The net realizable value of inventories is calculated as the expected selling price less completion costs and costs incurred in making the sale.

Receivables

On initial recognition, receivables are measured at fair value, and subsequently they are measured at amortized cost. Receivables are written down for anticipated losses.

Prepayments

Prepayments are recognized as an asset and comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Dividend

Until adopted at the annual general meeting, the expected dividends to be distributed for the year are recognized under equity. Subsequently, dividend is recognized as a liability.

Treasury shares

Acquisition and sales sums arising on the purchase and sale of treasury shares and dividends on treasury shares are recognized directly in retained earnings under equity.

Pension liabilities etc.

The ALK-Abelló Group has entered into pension agreements and similar agreements with some of the Group's employees.

Notes to the financial statements

In respect of defined contribution plans, the Group currently pays in fixed contributions to independent pension funds etc. The contributions are recognized in the income statement during the period in which the employee renders the related service. Payments due are recognized as a liability in the balance sheet.

In respect of defined benefit plans, the Group is required to pay an agreed benefit in connection with the retirement of the employees covered by the plan, e.g. in the form of a fixed amount or a percentage of the salary at retirement.

For defined benefit plans, an annual actuarial assessment is made of the net present value of future benefits to which the employees have earned the right through their past service for the Group and which will have to be paid under the plan. The Projected Unit Credit Method is applied to determine value in use.

The net present value is calculated based on assumptions of the future developments of salary, interest, inflation, mortality and disability rates.

The net present value of pension liabilities is recognized in the balance sheet, after deduction of the fair value of any assets attached to the plan, as either plan assets or pension liabilities, depending on whether the net amount is an asset or a liability, as described below.

If the assumptions made with respect to discount factor, inflation, mortality and disability are changed, or if there is a discrepancy between the expected and realized return on plan assets, actuarial gains or losses occur. These gains and losses are only recognized if the accumulated gains and losses at the beginning of a financial year exceed the higher numerical value of 10% of the pension liabilities or 10% of the fair value of plan assets (the corridor method). If this is the case, the excess amount is recognized in the income statement, distributed on the expected remaining average working life of the employees covered by the plan.

If the pension plan represents a net asset, the asset is only recognized to the extent that it does not exceed the sum of unrecognized actuarial losses, unrecognized past service costs and the present value of any refunds from the plan or reductions in future contributions to the plan.

If the benefits relating to the employees' service in prior periods change, this results in a change to the actuarial net present value which is considered a past service cost. If the employees covered by the plan have already earned the right to the changed benefits, the change is made in the income statement immediately. Otherwise, the change is recognized in the income statement over the period during which the employees earn the right to the benefits.

In connection with the transition to IFRS in 2005/06 the ALK-Abelló Group chose to apply the optional excemption in IFRS 1, under which actuarial gains and losses according to the corridor method are stated as a net loss at september 1, 2004, which is reduced to nil by increasing the pension provision and adjusting equity accordingly in the opening balance sheet.

Provisions

Provisions are recognized when, as a consequence of a past event during the financial year or previous years, the Group has a legal or constructive obligation, and it is likely that settlement of the obligation will require an outflow of the company's financial resources.

Provisions are measured as the best estimate of the costs required to settle the liabilities at the balance sheet date. Provisions with an expected term of more than a year after the balance sheet date are measured at present value.

In connection with a planned restructuring of the Group, provision is made only for liabilities relating to restructurings that on the balance sheet date have been set out in a specific plan and where those affected have been informed of the overall plan.

Mortgage debt

Mortgage debt is recognized on the raising of a loan at the fair value of the proceeds received, net of transaction costs incurred. Subsequently, mortgage debt is measured at amortized cost.

Lease liabilities

Lease liabilities regarding assets held under finance leases are recognized in the balance sheet as liabilities and measured at the inception of the lease at the lower of the fair value of the leased asset and the present value of future lease payments.

On subsequent recognition, lease liabilities are measured at amortized cost. The difference between the present value and the nominal value of lease payments is recognized in the income statement over the term of the lease as a finance charge.

Lease payments regarding operating leases are recognized in the income statement on a straight-line basis over the term of the lease.

Other financial liabilities

Other financial liabilities, including bank and financial loans and trade payables, are on initial recognition measured at fair value. The liabilities are subsequently measured at amortized cost.

Deferred income

Deferred income comprises income received relating to subsequent financial years. Deferred income is measured at cost.

Other accounting information

Cash flow statement

The cash flow statement of the Group and the Parent company is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and the end of the financial year.

The cash effect of acquisitions and divestments is shown separately under cash flows from investing activities. In the cash flow statement, cash flows concerning acquired companies are recognized from the date of acquisition, while cash flows concerning divested companies are recognized until the date of divestment.

Cash flows from operating activities are stated as operating profit, adjusted for non-cash operating items and changes in working capital, less the income tax paid during the year attributable to operating activities.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of companies and financial assets as well as purchase, development, improvement and sale of intangible assets and property, plant and equipment. Also recognized are cash flows from assets held under finance lease in the form of lease payments made.

Cash flows from financing activities comprise changes to the Parent company's share capital and related costs as well as the raising and repayment of loans, installments on interest-bearing debt, acquisition of treasury shares and payment of dividends.

Cash flows in currencies other than the functional currency are recognized in the cash flow statement using average exchange rates for the individual months if these are a reasonable approximation of the actual exchange rates at the transaction dates. If this is not the case, the actual exchange rates for the specific days in questions are used.

Cash and cash equivalents comprise cash and short-term securities subject to an insignificant risk of changes in value less any overdraft facilities that are an integral part of the Group's cash management.

Segment reporting

The ALK-Abelló Group's activities fall exclusively within the business area "Allergy treatment". There is therefore only one primary segment.

Revenue, property, plant and equipment and intangible assets as well as additions to property, plant and equipment and intangible assets are disclosed for the ALK-Abelló Group's secondary, geographical segments. The segment information follows the Group's risks, the Group's accounting policies and in-house financial management.

Segment revenue and assets comprise those items that are directly attributable to individual segments or that can be allocated to individual segments on a reasonable basis.

Definitions and ratios

The key ratios have been calculated in accordance with "Recommendations and Financial Ratios 2005" issued by the Danish Association of Financial Analysts.

Key ratios and definitions are shown on the covers of the annual report.

Notes to the financial statements

2 Significant accounting estimates and judgements

In the preparation of the financial statements according to generally accepted accounting principles, Management is required to make certain estimates as many financial statement items cannot be reliably measured, but must be estimated. Such estimates comprise judgments made on the basis of the most recent information available at the reporting date. It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to supplementary information, additional experience or subsequent events.

Similarly, the value of assets and liabilities often depends on future events that are somewhat uncertain. In that connection, it is necessary to set out e.g. a course of events that reflects Management's assessment of the most probable course of events.

In the financial statements for 2006 (4M), Management considers the following estimates and related judgments material to the assets and liabilities recognized in the financial statements.

Recoverable amount of goodwill
The assessment of whether goodwill is impaired requires a determination of the value in use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use requires estimates of the expected future cash flows of each cash-generating unit and a reasonable discount rate. At December 31, 2006, the carrying amount of goodwill is DKK 378 million (DKK 378 million at August 31, 2006).

Indirect production overheads
Indirect production overheads (IPO) are measured on the basis of the standard cost method. The basis of standard costs is reassessed regularly to ensure that standard costs are adjusted for changes in the utilization of production capacity, production times and other relevant factors. Changes in the method of determining standard costs may significantly affect gross margin and the valuation of inventories. At December 31, 2006, the value of IPO is DKK 50 million (DKK 53 million at August 31, 2006).

Tax
Management is required to make an estimate in the recognition of deferred tax assets and liabilities. The ALK-Abelló Group recognizes deferred tax assets if it is probable that they can be set off against future taxable income. At December 31, 2006, the value of deferred tax assets and liabilities is DKK 164 million (DKK 214 million at August 31, 2006).

Provisions and contingent assets and liabilities
In connection with the sale of the ingredients business during the financial year 2004/05, ALK-Abelló A/S assumed the usual representations and guarantees related to the sale. The representations and guaranties expire successively over the coming years. DKK 140 million have been provided for specific risks. The provision has been reassessed during the financial year 2006 (4M) and, based on Management's assessment of the specific risks, the provision remains unchanged. Furthermore, a provision of DKK 17 million has been made in relation to the decision to close the *In Vitro Diagnistics* business unit.

3 Segment information for the ALK-Abelló Group

Primary segment
The ALK-Abelló Group's activities are exclusively in the business area of "allergy treatment"

Secondary segment
The ALK-Abelló Group's revenue is divided into the following secondary geographical segments:

Amounts in DKKm	Revenue 2006 (4M)	Revenue 2005/06
Northern Europe	101	298
Central Europe	234	579
Southern Europe	162	387
Other markets	66	225
Total	**563**	1,489

The geographical segment information on revenue is based on location of customers.

The ALK-Abelló Group's intangible assets and property, plant and equipment together with the additions to intangible assets and property, plant and equipment for the year are divided into the following geographical segments:

	Carrying amounts of intangible assets and property, plant and equipment		Additions of intangible assets and property, plant and equipment	
Amounts in DKKm	2006 (4M)	2005/06	2006 (4M)	2005/06
Northern Europe	390	394	33	76
Central Europe	286	285	1	269
Southern Europe	230	233	5	11
Other markets	97	81	3	16
Total	**1,003**	993	**42**	372

The geographical segment information on property, plant and equipment and intangible assets is based on location of assets.

4 Exceptional items

In December 2006, ALK-Abelló decided to close the business unit, *In Vitro Diagnostics*, which supplies allergy tests for blood sample-based analyses to Bayer Diagnostics. As a consequence of this decision, costs of DKK 40 million have been recognized for the financial year 2006 (4 M) as a result of write-down of inventories (DKK 18 milion) and property, plant and equipment (DKK 5 million) and provisions related to employees and other liabilities (DKK 17 million).

Notes to the financial statements

5 Acquisitions of companies and operations

During the financial year 2006 (4M), no acquisitions of companies and operations have taken place.
During the financial year 2005/06, ALK-Abelló A/S acquired the activities of its former Swiss distributor effective as from January 1, 2006. Also as from January 1, 2006, ALK-Abello A/S acquired the former minority interests, equalling the remaining 50% of the shares, in the German company ALK-Scherax Arzneimittel GmbH.

Acquired net assets and cash purchase price:

	ALK-Abelló Group	
Amounts in DKKm	**2006 (4M)**	2005/06
Inventories	-	1
Receivables	-	2
Cash and cash equivalents	-	2
Current liabilities	-	(1)
Net assets acquired	-	4
Goodwill	-	3
Purchase price	-	7
Acquired cash and cash equivalents	-	(2)
Cash purchase price	-	5
Goodwill on acquisition of minority interests	-	264
	-	269

The fair value of the acquired net assets at the acquisition date equalled their carrying amounts calculated according to IFRS before the acquisition. Consequently, no fair value adjustment was made.

After recognition of identifiable assets, liabilities and contingent liabilities at fair value, goodwill related to the acquisitions in 2005/06 amounts to DKK 267 million. The balance represents the value of the assets that could not be measured reliably at fair value, the value of acquired employees and the value of access to sales and distribution channels.

In 2005/06, acquisitions of companies and activities in ALK-Abelló A/S (totalling DKK 285 million) include the carrying amount at the acquisition date of minority interests taken over.

The share of revenue and profit/(loss) for the year from continuing operations from the acquisition date:

	Acquisitions of companies and operations	
Amounts in DKKm	**2006 (4M)**	2005/06
Revenue	-	14
EBIT	-	1
Profit/(loss) for the year	-	-

Information on acquired companies and activities stated as if they had been owned for the entire year of acquisition is not possible due to differences in the financial years of the acquired companies and activities and the ALK-Abelló Group.

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**6 Staff costs**	2006 (4M)	2005/06
3	1	Remuneration to the Board of Directors	1	3
227	91	Wages and salaries	185	482
16	7	Pensions cf. note 8	15	38
6	1	Other social security costs etc.	18	52
3	2	Share-based payment cf. note 7	2	7
255	102	**Total**	221	582
		Staff costs are allocated as follows:		
95	35	Cost of sales	64	181
86	35	Research and development expenses	41	108
32	16	Sales and marketing expenses	85	208
42	16	Administrative expenses	31	85
255	102	**Total**	221	582
		Employees		
468	496	Average number	1,314	1,227
481	505	Number at year-end	1,346	1,266
		Remuneration to Board of Management		
11	5	Board of Management remuneration, exclusive share-based payment	5	11
		See note 7 for information on share option plans for the Board of Management and key personnel.		

7 Share-based payment

Share option plans

2006 (4M)

In November 2006, the ALK-Abelló Group granted share options to the Board of Management (5 persons) and a number of key personnel.
As of December 31, 2006 the share option plan consists of a total of 33,375 share options. Each share option gives the owner the right to acquire an existing B share of nominally DKK 10 in the company.
The exercise price of the options is determined as the average of the officially quoted price of the Company's shares during the period November 6 - November 10, 2006. The exercise price increases by 2.5% per year.
The options will lapse on termination of employment. There are no other vesting conditions. The options can be exercised during the period from November 1, 2009 - November 1, 2013 during the four-week trading window following the release of annual and interim reports.

Notes to the financial statements

7 Share-based payment (continued)

2005/06

In March 2006 the ALK-Abelló Group has granted share options to the Board of Management (5 persons) and a number of key personnel. As of December 31, 2006 the share option plan consists of a total of 68,000 share options. Each share option gives the owner the right to acquire an existing B share of nominally DKK 10 in the company.
The exercise price of the options is determined as the average of the officially quoted price of the Company's shares during the period March 1 - March 14, 2006. The exercise price will be increased by 6% p.a. The options will lapse on termination of employment. There are no other vesting conditions. The options can be exercised during the period from January 1, 2009 - January 1, 2012 during the four-week trading window following the release of annual and interim reports.

Specification of outstanding share options:

	Board of Management Units	Other key personnel Units	Total Units	Average exercise price DKK
Outstanding share options September 1, 2006	30,000	38,000	68,000	937
Additions	13,350	20,025	33,375	989
Outstanding share options December 31, 2006	43,350	58,025	101,375	954
Outstanding share options September 1, 2005	-	-	-	-
Additions	30,000	38,000	68,000	937
Outstanding share options August 31, 2006	30,000	38,000	68,000	937

The average remaining life of outstanding options at December 31, 2006 is 2.3 years (2005/06: 2.8 years) and the exercise price is in the range of DKK 884-1,065 per option (2005/06: DKK 884-1,053 per option).

The calculated market price of the granted share options in 2006 (4M) was DKK 300 per option at the grant date (2005/06: DKK 188).

In 2006 (4M), the fair value of share options recognized in the income statement of the ALK-Abelló Group amounts to DKK 2 million (2005/06: DKK 2 million), of which DKK 1 million relates to the Board of Management (2005/06: DKK 1 million).

The calculated market price on allotment is based on the Black & Scholes-model for valuation of options.

The assumptions for the calculation of the market price of outstanding share options at the grant date are as follows:	2006 (4M)	2005/06
Average share price (DKK)	896	742
Average exercise price (DKK)	989	937
Expected volatility rate	35% p.a.	35% p.a.
Expected option life	5.0 years	4.4 years
Expected dividend per share	-	-
Risk-free interest rate	3.75% p.a.	3.33% p.a.

The expected volatility rate is based on the historical volatility adjusted for expected changes as a consequence of publicly available information.

7 Share-based payment (continued)

Employee shares

In 2005/06, the ALK-Abelló Group decided to offer employee shares (free shares) to the employees. In certain countries, the plan is structured as a share-like plan, but with cash payments calculated based on the development of the company's share price.

The program is organized so that employees with at least one year's seniority at August 31, 2006 were offered participation in the plan. Employees with less than one year's seniority will be offered the same terms at August 31, 2007, provided that they are still employed with the ALK-Abelló Group.

For employees with at least one year's seniority at August 31, 2006 a cost of DKK 5 million was recognized for the financial year 2005/06 on the basis of the number of employees expected to accept the offer and the fair value at the grant date (DKK 740 per share). Subsequently, a total of 6,228 shares have been transferred from the Company's portfolio of treasury shares to the employees who accepted the offer.

For employees with less than one year's seniority at August 31, 2006, the cost is accrued over the vesting period until August 31, 2007 on the basis of the number of employees expected to meet the criteria and accept the offer as well as the fair value at the grant date (DKK 740 per share).

For the part of the plan which is structured as a cash-settled share-like plan the cost is accrued over the vesting period of 3 years as from August 31, 2006. The cost is calculated on the basis of the assessed number of employees expected to meet the criteria and the officially quoted price of the Company's price.

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	**2006 (4M)**	**Total share-based payment**	**2006 (4M)**	2005/06
1	**2**	Costs regarding share options	**2**	2
2	**-**	Costs regarding employee shares	**-**	5
3	**2**	**Total**	**2**	7
		Costs for the year regarding share-based payment are recognized as follows:		
1	**-**	Cost of sales	**-**	2
1	**-**	Research and development expenses	**-**	2
-	**1**	Sales and marketing expenses	**1**	2
1	**1**	Administrative expenses	**1**	1
3	**2**	**Total**	**2**	7

Notes to the financial statements

8 Pensions and similar liabilities

The ALK-Abelló Group has entered into defined contribution plans as well as defined benefit plans.
In defined contribution plans the employer is obliged to pay a certain contribution to a pension fund or the like but bears no risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.
In defined benefit plans the employer is obliged to pay a certain payment when a pre-agreed event occurs. The employer bears the risks regarding the future development in interest, inflation, mortality, disability rates etc. regarding the amount to be paid to the employee.

ALK-Abelló A/S			ALK-Abelló Group	
2005/06	**2006 (4M)**	Amounts in DKKm	**2006 (4M)**	2005/06
1	**1**	Pensions	**46**	44
-	**-**	Similar liabilities	**11**	11
1	**1**	**Total**	**57**	55
16	**7**	**Costs related to defined contribution plans**	**13**	33
		Costs related to defined benefit plans		
-	**-**	Pensions costs in the current financial year	**1**	2
-	**-**	Calculated interest on the obligations	**1**	3
-	**-**	**Costs related to defined benefit plans**	**2**	5
1	**1**	Provisions for defined benefit plans at the beginning of the year	**44**	39
-	**-**	Recognized in the current financial year	**2**	5
1	**1**	**Obligations, defined benefit plans at the end of the year**	**46**	44
		The pension obligations are specified as follows:		
1	**1**	Present value of unfunded pension obligations	**59**	54
-	**-**	Unrecognized actuarial losses	**(13)**	(10)
1	**1**	**Total**	**46**	44

The latest actuarial calculation of the pension obligations related to the defined benefit plans was made at December 31, 2006.

The actuarial calculations at the balance sheet date are based on the following factors:	**2006 (4 M)**	2005/06
Average discount rate used (%)	**4.50**	4.75
Expected future rate of salary increase (%)	**2.50**	2.50

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**9 Depreciation, amortization and impairment**	2006 (4M)	2005/06
		Depreciation, amortization and impairment are allocated as follows:		
8	5	Cost of sales	9	25
10	3	Research and development expenses	4	13
5	2	Sales and marketing expenses	2	6
21	6	Administrative expenses	10	29
-	5	Exceptional items	5	-
44	21	Total	30	73

10 Financial income

6	1	Interest on receivables from affiliates	-	-
39	9	Other interest income	9	42
5	2	Currency gains	2	5
1	2	Fair value adjustment of securities	2	1
129	142	Dividend from subsidiaries	-	-
180	156	Total	13	48

11 Financial expenses

2	2	Interest on payables to affiliates	-	-
2	1	Other interest expenses	1	2
6	2	Currency losses	2	6
5	29	Adjustment of investments in subsidiaries	-	-
15	34	Total	3	8

12 Tax on profit for the year

-	(16)	Current income tax	23	114
(57)	(17)	Adjustment of deferred tax	(21)	(64)
-	-	Prior year adjustments	-	(1)
(57)	(33)	Total	2	49
(87)	(4)	Profit/(loss) before tax	(18)	93
(26)	(1)	Income tax, tax rate of 28%	(5)	26
-	-	Effect of deviation of foreign subsidiaries tax rate relative to Danish tax rate	9	28
(36)	(40)	Non-taxable gains	(4)	(9)
5	8	Non-deductible expenses	-	2
-	-	Prior year adjustments	-	(4)
-	-	Other taxes and adjustments	2	6
(57)	(33)	Tax on profit for the year	2	49

Notes to the financial statements

13 Earnings per share

	ALK-Abelló Group	
Amounts in DKKm	**2006 (4M)**	2005/06
The calculation of earnings per share is based on the following:		
Profit attributable to shareholders of the parent	**(20)**	24
Number in units		
Average number of issued shares	**10,128,360**	10,128,360
Average number of treasury shares	**73,443**	27,353
Average number of shares used for calculation of earnings per share	**10,054,917**	10,101,007
Average dilutive effect of outstanding share options	**-**	2,648
Average number of shares used for calculation of diluted earnings per share	**10,054,917**	10,103,655
Amounts in DKK		
Earnings per share (EPS)	**(2.0)**	2.4
Diluted earnings per share (DEPS)	**(2.0)**	2.4

In accordance with IAS 33, no dilutive effect has been calculated for the diluted earnings per share in 2006 (4M) as this would cause an increase of earnings per share.

14 Goodwill

Amounts in DKKm		
Cost at the beginning of the year	**398**	132
Currency adjustments	**-**	(1)
Additions	**-**	267
Cost at the end of the year	**398**	398
Amortization and impairment at the beginning of the year	**20**	20
Currency adjustments	**-**	-
Amortization and impairment at the end of the year	**20**	20
Carrying amount at the end of the year	**378**	378

Goodwill has been subjected to an impairment test, which revealed no need for an impairment write-down. In the calculation of the value in use of the cash-generating unit, the cash flows in the latest management-approved budget for the coming financial year have been used. For financial years after the budget period, the cash flows in the most recent budget period have been extrapolated and adjusted for a growth factor of 2% during the terminal period. The applied growth rate does not exceed the average expected long-term growth rate for the markets in question. The estimated growth rates are based on industry forecasts.
Estimated changes in sales prices and production costs are based on historical data and expectations for future changes in the market.
The discount rate used is 10% after tax.

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
		15 Other intangible assets		
		Software		
99	101	Cost at the beginning of the year	152	148
2	-	Additions	2	4
101	101	**Cost at the end of the year**	154	152
62	75	Amortization and impairment at the beginning of the year	107	89
13	4	Amortization and impairment for the year	6	18
75	79	**Amortization and impairment at the end of the year**	113	107
26	22	**Carrying amount at the end of the year**	41	45
		Patents, trademarks and rights		
26	24	Cost at the beginning of the year	24	26
4	-	Additions	-	4
(6)	-	Disposals	-	(6)
24	24	**Cost at the end of the year**	24	24
10	9	Amortization and impairment at the beginning of the year	9	10
5	2	Amortization and impairment for the year	2	5
(6)	-	Amortization and impairment of disposals	-	(6)
9	11	**Amortization and impairment at the end of the year**	11	9
15	13	**Carrying amount at the end of the year**	13	15
41	35	**Other intangible assets at the end of the year**	54	60

Notes to the financial statements

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**16 Land and buildings**	2006 (4M)	2005/06
185	231	Cost at the beginning of the year	381	335
-	-	Currency adjustments	(1)	(3)
1	-	Additions	-	4
45	-	Transfer to/from other groups	-	45
231	231	**Cost at the end of the year**	380	381
51	71	Depreciation and impairment at the beginning of the year	108	82
-	-	Currency adjustments	-	(1)
7	3	Depreciation and impairment for the year	5	13
13	-	Transfer to/from other groups	-	14
71	74	**Depreciation and impairment at the end of the year**	113	108
160	157	**Carrying amount at the end of the year**	267	273
-	-	of which assets held under finance leases	36	32
160	157	Land and buildings in Denmark include buildings on land leased from Scion DTU A/S, Hørsholm. The lease period for this land is unlimited. Value of land and buildings is subject to mortgages.	157	160
		17 Plant and machinery		
154	181	Cost at the beginning of the year	274	240
-	-	Currency adjustments	-	(1)
11	1	Additions	2	17
(3)	-	Disposals	(1)	(4)
19	-	Transfer to/from other groups	1	22
181	182	**Cost at the end of the year**	276	274
62	62	Depreciation and impairment at the beginning of the year	108	98
18	6	Depreciation and impairment for the year	9	27
(3)	-	Depreciation and impairment of disposals	(1)	(3)
(15)	-	Transfer to/from other groups	-	(14)
62	68	**Depreciation and impairment at the end of the year**	116	108
119	114	**Carrying amount at the end of the year**	160	166

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**18 Other fixtures and equipment**	2006 (4M)	2005/06
26	28	Cost at the beginning of the year	140	132
-	-	Currency adjustments	(1)	(1)
2	2	Additions	5	10
(1)	-	Disposals	-	(6)
1	-	Transfer to/from other groups	2	5
28	30	**Cost at the end of the year**	146	140
25	25	Depreciation and impairment at the beginning of the year	95	91
-	-	Currency adjustments	-	(1)
1	5	Depreciation and impairment for the year	7	10
(1)	-	Depreciation and impairment of disposals	-	(5)
25	30	**Depreciation and impairment at the end of the year**	102	95
3	-	**Carrying amount at the end of the year**	44	45
		19 Property, plant and equipment in progress		
71	62	Cost at the beginning of the year	71	76
58	29	Additions	33	68
-	(1)	Depreciation and impairment for the year	(1)	-
(67)	-	Transfer to/from other groups	(3)	(73)
62	90	**Cost at the end of the year**	100	71
62	90	**Carrying amount at the end of the year**	100	71

Notes to the financial statements

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**20 Investments in affiliates**	2006 (4M)	2005/06
441	728	Cost at the beginning of the year		
287	-	Additions		
-	(29)	Distribution of cost		
-	(7)	Transfer from impairment		
728	692	**Cost at the end of the year**		
2	7	Impairment at the beginning of the year		
5	-	Impairment for the year		
-	(7)	Transfer to cost		
7	-	**Impairment at the end of the year**		
721	692	**Carrying amount at the end of the year**		

ALK-Abelló A/S			ALK-Abelló Group	
2005/06	2006 (4M)	**21 Receivables from affiliates**	2006 (4M)	2005/06
157	125	Cost at the beginning of the year	-	-
-	118	Additions	90	-
(32)	-	Disposals	-	-
125	243	**Cost at the end of the year**	90	-
125	243	**Carrying amount at the end of the year**	90	-
		Receivables from affiliates are recognized as follows:		
88	111	Non-current assets	-	-
37	132	Current assets	90	-
125	243	**Total**	90	-

ALK-Abelló A/S			ALK-Abelló Group	
2005/06	2006 (4M)	**22 Securities and receivables**	2006 (4M)	2005/06
6	4	Cost at the beginning of the year	4	6
(2)	-	Disposals	-	(2)
4	4	**Cost at the end of the year**	4	4
-	-	Revaluation and impairment at the beginning of the year	1	3
-	-	Revaluation and impairment for the year	(1)	(2)
-	-	**Revaluation and impairment at the end of the year**	-	1
4	4	**Carrying amount at the end of the year**	4	5

23 Deferred tax

Amounts in DKKm	Non-current assets	Current assets	Liabilities	Tax losses carried forward	Total
ALK-Abelló Group					
Carrying amount at September 1, 2006	74	12	24	104	214
Transfer to receivables from affiliates	-	-	-	(71)	(71)
Recognized in the income statement, net	-	26	(8)	1	19
Recognized in equity, net	-	2	-	-	2
Carrying amount at December 31, 2006	**74**	**40**	**16**	**34**	**164**
Carrying amount at September 1, 2005	25	13	32	80	150
Recognized in the income statement, net	49	(1)	(8)	24	64
Carrying amount at August 31, 2006	74	12	24	104	214
ALK-Abelló A/S					
Carrying amount at September 1, 2006	75	(5)	2	101	173
Transfer to receivables from affiliates	-	-	-	(71)	(71)
Recognized in the income statement, net	(2)	12	5	-	15
Recognized in equity, net	-	2	-	-	2
Carrying amount at December 31, 2006	**73**	**9**	**7**	**30**	**119**
Carrying amount at September 1, 2005	24	1	15	76	116
Recognized in the income statement, net	51	(6)	(13)	25	57
Carrying amount at August 31, 2006	75	(5)	2	101	173

Deferred tax in both ALK-Abelló A/S and the ALK-Abelló Group is recognized as tax assets in the balance sheet, since it is assessed to be probable that sufficient future taxable income will be generated for the deferred tax asset to be utilized. Deferred tax in Denmark is recognized at a tax rate of 28%. ALK-Abelló A/S is jointly taxed with LFI a/s.

No deferred tax liability has been recognised in respect of temporary differences on investments in subsidiaries as the ALK-Abelló Group is able to verify whether the liability crystalizes, and it is probable that no tax will crystalize in the forseeable future. At December 31, 2006, there were no material temporary differences regarding investments in subsidiaries.

Notes to the financial statements

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
		24 Inventories		
43	31	Raw materials and consumables	69	79
48	38	Work in progress	81	84
48	53	Manufactured goods and goods for resale	137	124
139	122	**Total**	287	287
20	38	The value comprises write-down of inventories	46	31
		25 Receivables and prepayments		
20	12	**Trade receivables**	169	188
-	-	Provision for doubtful debts	10	11
		Other receivables		
-	-	VAT and other taxes	3	3
-	9	Interest receivable	9	-
1	4	Miscellaneous receivables	18	16
1	13	**Total**	30	19
		Prepayments		
2	16	Operating expenses	16	8
-	1	Insurance	6	1
-	1	Other prepayments	11	4
2	18	**Total**	33	13
		The carrying amount is equivalent to the fair value of the assets.		
		26 Cash and cash equivalents		
407	404	Securities subject to insignificant risk of changes in value	404	412
573	468	Cash and bank deposits	529	657
980	872	**Cash and cash equivalents**	933	1,069
		27 Share capital		
		The share capital consists of:		
9	9	A shares, 920,760 shares of DKK 10 each	9	9
92	92	B shares, 9,207,600 shares of DKK 10 each	92	92
101	101	**Total nominal value**	101	101
		Each A share carries 10 votes, whereas each B share carries 1 vote.		

Amounts in DKKm

28 Mortgage debt, bank loans and financial loans

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)		ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
		Debt to mortgage credit institutions secured by real property		
		Mortgage debt is due as follows:		
2	**2**	Payable on demand within 1 year	**2**	2
8	**8**	From 1-5 years	**8**	8
41	**39**	After 5 years	**39**	41
51	**49**	**Total**	**49**	51
		Bank loans and financial loans		
		Bank loans and financial loans are due as follows:		
-	**-**	Payable on demand within 1 year	**6**	10
-	**-**	From 1-5 years	**13**	14
-	**-**	After 5 years	**9**	9
-	**-**	**Total**	**28**	33

	Currency	Expiry date	Fixed/Floating	Effective interest rate %	Carrying amount DKKm	Fair value DKKm
ALK-Abelló Group						
December 31, 2006						
Mortgage debt	DKK	2025	Fixed	4.3	**33**	**32**
Mortgage debt	EUR	2023	Floating	4.0	**16**	**16**
					49	**48**
August 31, 2006						
Mortgage debt	DKK	2025	Fixed	4.3	34	32
Mortgage debt	EUR	2023	Floating	4.0	17	17
					51	49
ALK-Abelló A/S						
December 31, 2006						
Mortgage debt	DKK	2025	Fixed	4.3	**33**	**32**
Mortgage debt	EUR	2023	Floating	4.0	**16**	**16**
					49	**48**
August 31, 2006						
Mortgage debt	DKK	2025	Fixed	4.3	34	32
Mortgage debt	EUR	2023	Floating	4.0	17	17
					51	49

Mortgage debt denominated in EUR relates to interest-reset loans which will be reset in 2008.

Notes to the financial statements

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**29 Other provisions**	2006 (4M)	2005/06
140	140	Other provisions at the beginning of the year	147	147
-	17	Provisions made during the year	17	2
-	-	Used during the year	-	(1)
-	-	Reversals during the year	-	(1)
140	157	**Other provisions at the end of the year**	164	147
		Other provisions are recognized as follows:		
140	146	Non-current liabilities	153	147
-	11	Current liabilities	11	-
140	157	**Total**	164	147

In connection with the divestment of the ingredients business in 2004/05, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the coming years. A provision of DKK 140 million has been made to cover specific risks.

Furthermore, a provision of DKK 17 million has been made in connection with the decision to close the *In Vitro Diagnostics* business unit.

30 Other current liabilities

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
64	72	**Trade payables**	136	126
		Other payables		
29	33	Salaries, holiday payments, etc.	62	67
-	-	VAT and other taxes	12	18
21	21	Acquisitions of companies and operations	21	21
74	90	Miscellaneous payables	130	113
124	144	**Total**	225	219

The carrying amount is equivalent to the fair value of the liabilities.

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)	**31 Treasury shares**	2006 (4M)	2005/06
14,118	75,000	Treasury shares at the beginning of the year (B shares, units)	75,000	14,118
75,000	-	Purchase of treasury shares, units	-	75,000
(14,118)	-	Sale of treasury shares, units	-	(14,118)
-	(6,228)	Distribution of employee shares, units	(6,228)	-
75,000	**68,772**	**Treasury shares at the end of the year (B shares, units)**	**68,772**	75,000
0.7%	**0.7%**	Proportion of share capital at the end of the year	**0.7%**	0.7%
0.8	**0.7**	Nominal value at the end of the year	**0.7**	0.8
57	**97**	Market value at the end of the year	**97**	57

According to a resolution passed by the company at the annual general meeting, the company is allowed to purchase treasury shares, equal to 10% of the share capital. The company has purchased treasury shares in connection with the issuance of share options and employee shares.

32 Contingent assets and liabilities and commitments

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)		ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
-	-	Collaterals and guarantees	3	3

Contingent liabilities and assets

The Board of Management believes that the outcome of pending claims and other disputes will not have a material impact on the company's and ALK-Abelló Group's financial position.

In connection with the divestment of the ingredients business in 2004/05, ALK-Abelló A/S has undertaken the usual representations and warranties towards the buyer. The representations and warranties expire successively over the coming years. A provision of DKK 140 million has been made to cover specific risks. In connection with the sale of the ingredients business in 2004/05, there is still some uncertainty as to a possible adjustment of the disposal amount. There is also uncertainty as to a possible adjustment of the acquisition amount in connection with the acquisition of a subsidiary in 2004/05. Management assumes that any adjustments will not cause any loss, as possible adjustments are already recognized in the balance sheet.

Liabilities relating to research and development projects are estimated at DKK 4 million at December 31, 2006 (August 31, 2006: DKK 2 million).

ALK-Abelló A/S and Chr. Hansen A/S are jointly and severally liable for the joint corporation tax for the period until August 31, 2005. At August 31, 2005, the jointly taxed companies had no current tax liability.

Commitments

For information on land and buildings provided as security vis-à-vis credit institutions, see note 16.

Notes to the financial statements

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)	Amounts in DKKm	ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
		33 Operating lease liabilities		
9	3	Minimum lease payments recognized in the income statement	4	12
		The total future minimum lease payments under interminable lease agreements are allocated as follows:		
9	9	Within 1 year	13	12
19	19	From 1-5 years	29	27
1	-	After 5 years	-	1
29	28	**Total**	42	40
		34 Financial lease liabilities		
		Financial lease liabilities are due as follows:		
-	-	Within 1 year	5	5
-	-	From 1-5 years	14	15
-	-	After 5 years	11	13
-	-	**Total**	30	33
-	-	Amortization premium for future expensing	4	4
-	-	**Present value of financial lease liabilities**	26	29

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments

Financial risk management policy
As a result of its operations, its investments and its financing, the ALK-Abelló Group is exposed to exchange and interest rate changes. ALK-Abelló A/S manages the ALK-Abelló Group's financial risks centrally and coordinates the ALK-Abelló Group's cash management, including the raising of capital and investment of excess cash. The ALK-Abelló Group complies with a policy, approved by the Board of Directors, to maintain a low risk profile, ensuring that the ALK-Abelló Group is only exposed to exchange rate, interest rate and credit risk in connection with its commercial activities.

Exchange rate exposure
The ALK-Abelló Group mainly hedges its foreign exchange exposure through matching of payments received and paid in the same currency and through forward exchange contracts and currency options.

Interest rate exposure
The ALK-Abelló Group does not hedge its interest rate exposure, as this is not considered to be financially viable.

Credit exposure
According to the ALK-Abelló Group's credit risk policy, all major customers and other business partners are credit-rated regularly.

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Exchange rate exposure – recognized assets and liabilities

The ALK-Abelló Group uses hedging instruments in the form of forward exchange contracts and currency options to hedge recognized assets and liabilities. Hedging of recognized assets and liabilities mainly comprises cash and cash equivalents, receivables and financial liabilities.

Amounts in DKKm	Cash and cash equivalents	Receivables	Liabilities	Amount hedged	Net position
ALK-Abelló Group					
December 31, 2006					
DKK	809	109	(370)	-	548
USD	18	37	(70)	-	(15)
EUR	98	169	(245)	-	22
GBP	5	17	(10)	-	12
SEK	-	8	(9)	-	(1)
Other	3	4	(3)	-	4
Total	933	344	(707)	-	570
August 31, 2006					
DKK	933	14	(342)	-	605
USD	29	29	(48)	(3)	13
EUR	101	144	(272)	1	(28)
GBP	1	26	(21)	3	3
SEK	-	8	(9)	-	(1)
Other	5	5	(3)	-	7
Total	1,069	226	(695)	1	599
ALK-Abelló A/S					
December 31, 2006					
DKK	809	110	(374)	-	545
USD	7	92	(49)	-	50
EUR	56	41	(104)	-	(7)
GBP	-	46	(2)	-	44
SEK	-	-	(2)	-	(2)
Other	-	1	-	-	1
Total	872	290	(531)	-	631
August 31, 2006					
DKK	933	14	(337)	-	610
USD	21	82	(198)	(3)	(92)
EUR	23	37	(33)	1	26
GBP	-	18	(5)	3	10
SEK	-	-	(1)	-	(1)
Other	3	1	-	-	4
Total	980	152	(574)	1	557

At December 31, 2006, the fair value of derivative financial instruments entered into to hedge recognized financial assets and liabilities against exchange rate exposure totals DKK 0 million (2005/06: DKK 1 million) for the ALK-Abelló Group and DKK 0 million (2005/06: DKK 1 million) for ALK-Abelló A/S. The fair value of the derivative financial instruments is recognized under other payables and in the income statement it is set off against exchange rate adjustments of the hedged assets and liabilities.

Notes to the financial statements

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Exchange rate exposure – future transactions

The ALK-Abelló Group hedges exchange rate exposure regarding future sales and purchases of goods in the coming year by means of forward exchange contracts and currency options in accordance with the ALK-Abelló Group's policy. Open exchange rate hedging contracts are specified as follows, where contracts for the sale of currency are stated with a positive contract value:

Amounts in DKKm	Term to maturity, months	Contract value	Fair value	Value adjustment recognized in equity
ALK-Abelló Group				
December 31, 2006				
Forward exchange contracts, USD	**1-5**	**(45)**	**(2)**	**(2)**
Forward exchange contracts, GBP	**1**	**26**	**-**	**-**
Forward exchange contracts, SEK	**1**	**1**	**-**	**-**
Total		**(18)**	**(2)**	**(2)**
August 31, 2006				
Forward exchange contracts, USD	3	(26)	-	-
Forward exchange contracts, EUR	1	9	-	-
Forward exchange contracts, GBP	2	19	-	-
Forward exchange contracts, SEK	3	3	-	-
Total		5	-	-
ALK-Abelló A/S				
December 31, 2006				
Forward exchange contracts, USD	**1-5**	**(45)**	**(2)**	**(2)**
Forward exchange contracts, GBP	**1**	**26**	**-**	**-**
Forward exchange contracts, SEK	**1**	**1**	**-**	**-**
Total		**(18)**	**(2)**	**(2)**
August 31, 2006				
Forward exchange contracts, USD	3	(26)	-	-
Forward exchange contracts, EUR	1	9	-	-
Forward exchange contracts, GBP	2	19	-	-
Forward exchange contracts, SEK	3	3	-	-
Total		5	-	-

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Interest rate exposure

On the ALK-Abelló Group's financial assets and financial liabilities, the earlier of the contractual revaluation and payment dates are as follows. Effective interest rates are stated on the basis of the level of interest rates at the balance sheet date.

	Revaluation/payment date					
Amounts in DKKm	Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %
ALK-Abelló Group						
December 31, 2006						
Securities and receivables	4	-	-	4	-	
Trade receivables	169	-	-	169	-	
Other receivables	171	-	-	171	-	
Cash and cash equivalents	933	-	-	933	404	2.0
Financial assets	1,277	-	-	1,277	404	
Mortgage debt, bank loans and financial loans	8	21	48	77	59	4.1-4.3
Trade payables	136	-	-	136	-	
Other financial liabilities	256	17	-	273	-	
Financial liabilities	400	38	48	486	59	
August 31, 2006						
Securities and receivables	5	-	-	5	-	
Trade receivables	188	-	-	188	-	
Other receivables	33	-	-	33	-	
Cash and cash equivalents	1,069	-	-	1,069	407	2.0
Financial assets	1,295	-	-	1,295	407	
Mortgage debt, bank loans and financial loans	12	22	50	84	63	4.0-4.3
Trade payables	126	-	-	126	-	
Other financial liabilities	267	16	-	283	-	
Financial liabilities	405	38	50	493	63	

Notes to the financial statements

35 Exchange rate, interest rate and credit exposure and the use of derivative financial instruments (continued)

Amounts in DKKm	Revaluation/payment date Within 1 year	From 1-5 years	After 5 years	Total	Of these, fixed interest	Effective interest rate %
ALK-Abelló A/S						
December 31, 2006						
Securities and receivables	4	-	-	4	-	
Trade receivables	12	-	-	12	-	
Other receivables	274	-	-	274	-	
Cash and cash equivalents	872	-	-	872	404	2.0
Financial assets	1,162	-	-	1,162	404	
Mortgage debt, bank loans and financial loans	2	8	39	49	33	4.3
Trade payables	72	-	-	72	-	
Other financial liabilities	235	17	-	252	-	
Financial liabilities	309	25	39	373	33	
August 31, 2006						
Securities and receivables	4	-	-	4	-	
Trade receivables	20	-	-	20	-	
Other receivables	128	-	-	128	-	
Cash and cash equivalents	980	-	-	980	407	2.0
Financial assets	1,132	-	-	1,132	407	
Mortgage debt, bank loans and financial loans	2	8	41	51	34	4.0-4.3
Trade payables	64	-	-	64	-	
Other financial liabilities	302	16	-	318	-	
Financial liabilities	368	24	41	433	34	

Credit exposure
The ALK-Abelló Group's primary credit exposure is related to trade receivables and cash and cash equivalents. The ALK-Abelló Group has no major exposure relating to any one customer or business partner. According to the ALK-Abelló Group's policy for assuming credit exposure, all customers and business partners are credit-rated regularly.

Embedded derivative financial instruments
The ALK-Abelló Group has made a review of contracts that might contain terms that would make the contract or parts thereof a derivative financial instrument. The review did not lead to recognition of derivative financial instruments relating to the contracts.

ALK-Abelló A/S		Amounts in DKKm	ALK-Abelló Group	
2005/06	2006 (4M)		2006 (4M)	2005/06

36 Related parties

Related parties exercising control
Parties exercising control are ALK-Abelló A/S' principal shareholder, LFI a/s and its principal shareholder, Lundbeckfonden. Other related parties comprise ALK-Abelló A/S' Board of Management and Board of Directors and companies in which the principal shareholders exercise control and their subsidiaries, in this case H. Lundbeck A/S and its subsidiaries.

For a list of subsidiaries, see page 56.

Subsidiaries

2005/06	2006 (4M)	
		Intra-group trading comprised:
327	**145**	Sale of goods
25	**13**	Sale of services
13	**7**	Purchase of goods
5	**2**	Purchase of services

In respect of amounts owed by and to affiliates, see the balance sheet. Interest regarding intra-group accounts are shown in notes 10 and 11.

Intra-group transactions and accounts have been eliminated in the consolidated financial statements in accordance with the accounting policies.

No security or guarantees have been issued for amounts outstanding at the balance sheet date. Receivables as well as debt will be settled against payment in cash. During the financial year, no bad debt losses have been realized regarding amounts owed by related parties; nor have any provisions been made for any such doubtful debts.

Remuneration etc. to Board of Directors and Board of Management
For information on remuneration paid to the ALK-Abelló Group's Board of Directors and Board of Management, see note 6.

No other transactions have taken place during the year with the Board of Directors, Board of Management, other key employees, major shareholders or other related parties.

37 Fees to the ALK-Abelló Group's auditors

Fees to the auditors, Deloitte, appointed at the general meeting:

ALK-Abelló A/S 2005/06	ALK-Abelló A/S 2006 (4M)		ALK-Abelló Group 2006 (4M)	ALK-Abelló Group 2005/06
1	**1**	Audit	**2**	3
-	**1**	Non-audit services	**1**	1
1	**2**	**Total**	**3**	4

List of companies in the ALK-Abelló Group

December 31, 2006 (wholly owned unless otherwise stated). Nominal capital in 1,000.

Denmark
ALK-Abelló A/S — DKK 101,284
CVR no 63 71 79 16
Hørsholm

Sweden
ALK-Abelló, ALK Sverige AB — SEK 500
Kungsbacka

Norway
ALK-Abelló, ALK Sverige AB (branch) — -
Oslo

Finland — -
ALK-Abelló A/S (branch)
Helsinki

United Kingdom
ALK-Abelló Ltd. — GBP 1
Hungerford

France
Allerbio S.A. — EUR 160
Varennes-en-Argonne

Germany
ALK-Scherax Arzneimittel GmbH — EUR 1,790
Hamburg

Austria
ALK-Abelló GmbH — EUR 73
Linz

Switzerland
ALK-Abelló AG — EUR 100
Volketswil

Netherlands
ALK-Abelló bv — EUR 23
Nieuwegein

Spain
ALK-Abelló S.A. — EUR 4,671
Madrid

Italy
ALK-Abelló S.p.A. — EUR 3,680
Milan
Wholly owned by ALK-Abelló S.A.

USA
ALK-Abelló, Inc. — USD 6,839
Austin

ALK-Abelló, Vespa Laboratories, Inc. — USD 5
Spring Mills

Biopol Laboratory, Inc. — USD 1
Spokane
Wholly owned by ALK-Abelló,
Vespa Laboratories, Inc.

China — -
ALK-Abelló A/S (branch)
Hong Kong

Financial highlights and key ratios by the quarter (unaudited)

	ALK-Abelló Group					
Amounts in DKKm	2006	Q4	Q3	Q2	Q1	2005 (4M)
Income statement						
Revenue	1,519	416	372	336	395	533
Cost of sales	505	130	125	133	117	167
Research and development expenses	320	97	87	71	65	82
Sales and marketing expenses	537	165	141	123	108	149
Administrative expenses	186	51	47	40	48	55
Other operating income	14	13	1	-	-	-
Operating profit/(loss) before exceptional items	(15)	(14)	(27)	(31)	57	80
Exceptional items	(40)	(40)	-	-	-	-
Operating profit/(loss) (EBIT)	(55)	(54)	(27)	(31)	57	80
Net financial items	27	9	7	7	4	23
Profit/(loss) before tax (EBT)	(28)	(45)	(20)	(24)	61	103
Net profit/(loss)	(36)	(36)	(9)	(24)	33	60
Operating profit/(loss) before depreciations (EBITD)	20	(35)	(8)	(12)	75	103
Average number of employees	1,263	1,326	1,268	1,233	1,221	1,204
Net revenue by markets:						
Northern Europe	306	71	83	78	74	93
Central Europe	587	170	145	119	153	225
Southern Europe	403	124	86	83	110	146
Other markets	223	51	58	56	58	69
Net revenue by product line:						
SCIT	756	217	189	150	200	289
SLIT	409	123	86	90	110	141
Tablets	3	3	-	-	-	-
Other products	351	73	97	96	85	103
Balance sheet						
Total assets	2,731	2,731	2,793	2,741	2,893	2,878
Invested capital	1,000	1,000	921	886	910	637
Equity	2,024	2,024	2,112	2,113	2,210	2,234
Cash flow and investments						
Depreciation, amortization and impairment	75	19	19	19	18	23
Cash flow from operating activities	(2)	(24)	(16)	6	32	23
Cash flow from investing activities	(389)	(38)	(44)	(26)	(281)	(22)
Free cash flow	(391)	(62)	(60)	(20)	(249)	1
Information on shares						
Share capital	101	101	101	101	101	101
Shares in thousands of DKK 10 each	10,128	10,128	10,128	10,128	10,128	10,128
Share price – DKK	1,410	1,410	914	798	902	674
Net asset value per share – DKK	200	200	209	209	219	221
Key figures						
EBIT margin – %	(3.6)	(13.0)	(7.3)	(9.2)	14.4	15.0
Earnings per share (EPS) – DKK	(3.6)	(3.6)	(0.9)	(2.4)	3.3	4.0
Diluted earnings per share (DEPS) – DKK	(3.6)	(3.6)	(0.9)	(2.4)	3.3	4.0
Cash flow per share (CFPS) – DKK	(0.2)	(2.4)	(1.6)	0.6	3.2	2.3
Price earnings ratio (PE)	(395)	(394)	(1,016)	(335)	277	171
Share price/Net asset value	7.0	7.0	4.4	3.8	4.1	3.0

Definitions: see back cover

Definitions

Invested capital	Intangible assets, property, plant and equipment, inventories and receivables excluding provisions (deferred tax excluded), trade payables, other payables and minorities
EBIT margin – %	Operating profit x 100/Revenue
Net asset value per share	Equity at year end/Number of shares at year end
ROAIC – %	Return on average invested capital (Operating profit x 100/Average invested capital)
Pay-out ratio – %	Proposed dividend x 100/Net profit/(loss) for the year
Earnings per share (EPS)	Net profit/(loss) for the year attributable to shareholders of the parent/ Average number of outstanding shares
Diluted earnings per share (DEPS)	Net profit/(loss) for the year attributable to shareholders of the parent/ Average number of outstanding shares, diluted
Cash flow per share (CFPS)	Cash flow from operating activities excluding minority interests' share/ Average number of outstanding shares
Price earnings ratio (PE)	Share price/Earnings per share
Segments	Geographical segments (based on customers' location): • Northern Europe comprises the Nordic region, the United Kingdom and the Netherlands • Central Europe comprises Germany, Austria and Switzerland • Southern Europe comprises Spain, Italy and France • Other markets comprise the USA, China and rest of world

Key ratios are calculated in accordance with "Recommendations and Ratios 2005" issued by the Danish Society of Financial Analysts.

Announcements to the Copenhagen Stock Exchange during the 2006 financial year

1.	Financial calendar for the 2006/07 and 2007 financial year for ALK-Abelló A/S	Sep 21, 2006
2.	GRAZAX® approved in Europe	Sep 25, 2006
3.	Release date of annual report 2005/06 for ALK-Abelló and analyst meeting	Nov 10, 2006
4.	ALK-Abelló A/S announces annual report for 2005/06	Nov 20, 2006
5.	Grant of share options to members of the Board of Management and senior managers	Nov 20, 2006
6.	ALK-Abelló and Menarini sign agreement for co-promotion, distribution and licensing of GRAZAX® in certain parts of Europe	Nov 28, 2006
7.	Annual General Meeting in ALK-Abelló A/S on December 19, 2006	Nov 29, 2006
8.	ALK-Abelló is closing its *In Vitro Diagnostics* business unit in Stenløse, Denmark	Dec 11, 2006
9.	ALK-Abelló is initiating a Phase III study with GRAZAX® in the USA	Dec 11, 2006
10.	Report on the Annual General Meeting of ALK-Abelló A/S held on December 19, 2006	Dec 19, 2006
11.	ALK-Abelló announces positive second year results from clinical study with GRAZAX®	Dec 21, 2006

After the end of the financial year:

1.	ALK-Abelló and Schering-Plough enter strategic alliance	Jan 3, 2007
2.	Financial calendar for the 2007 financial year of ALK-Abelló A/S	Jan 25, 2007
3.	Release date of annual report (4 months) 2006 for ALK-Abelló	Feb 23, 2007

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ALK-Abelló Annual Report 2006

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